



January 29, 2014

SENATE BILL No. 176

DIGEST OF SB 176 (Updated January 28, 2014 11:48 am - DI 73)

Citations Affected: IC 4-4; IC 6-1.1; IC 6-3.5; IC 6-8.1; IC 6-9; IC 8-25 ; IC 12-29; IC 36-9.

Synopsis: Central Indiana transit. Provides for the establishment or expansion of public transportation services in an eligible county through local public questions placed on the ballot under ordinances adopted by the fiscal body of the eligible county. Provides that Delaware County, Hamilton County, Hancock County, Johnson County, Madison County, and Marion County are eligible counties. Authorizes eligible counties to fund approved public transportation projects through various parts of the local option income tax rates that are available under current law for other purposes and by imposing on C corporations a county income tax or a county employment tax. Specifies that fares must cover 25% of the operating costs of a transportation system established or expanded under the bill. Authorizes interlocal agreements, public-private partnerships, and bonding with respect to a public transportation project. Provides that if a transportation project is approved in an eligible county,
(Continued next page)

Effective: Upon passage; July 1, 2014.

**Miller Patricia, Waltz, Merritt,
Lanane**

January 8, 2014, read first time and referred to Committee on Tax and Fiscal Policy.
January 28, 2014, amended, reported favorably — Do Pass.

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transportation services must be provided through the transportation project throughout the eligible county and must be made available under this article to all citizens of the county. Prohibits an eligible county from carrying out a light rail project. Provides that in the case of a public transportation corporation in an eligible county that has approved a local public question, labor agreements may provide for the nonbinding mediation of salaries, wages, and salary and wage related fringe benefits, including accident, sickness, health, dental, vision, life, disability, retirement benefits, and paid time off. Provides that the provisions in the bill do not create a moral obligation of the state. Specifies that no general revenues of the state may be used to pay for a transportation project or service under the provisions in the bill (but that this restriction does not apply to distributions from the public mass transportation fund). Authorizes the Indiana finance authority (authority) to issue bonds and use the proceeds of the bonds to make grants to a county containing a consolidated city to be used for infrastructure or other local public improvements within the county. Provides that upon approval of the executive of a county containing a consolidated city, the authority may pledge for the payment of the bonds an amount not to exceed a total of \$7,500,000 each year from excise surtax revenue and wheel tax revenue to be transferred to the authority from the county. Provides that if excise surtax revenue and wheel tax revenues are pledged by the authority, the county fiscal officer shall each year without appropriation transfer to the authority the amount of excise surtax revenue and wheel tax revenue pledged.



January 29, 2014

Second Regular Session 118th General Assembly (2014)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

SENATE BILL No. 176

A BILL FOR AN ACT to amend the Indiana Code concerning transportation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 4-4-11-15.6, AS AMENDED BY P.L.233-2013,
2 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 15.6. In addition to the powers listed in
4 section 15 of this chapter, the authority may:
5 (1) issue bonds under terms and conditions determined by the
6 authority and use the proceeds of the bonds to acquire obligations
7 issued by any entity authorized to acquire, finance, construct, or
8 lease capital improvements under IC 5-1-17;
9 (2) issue bonds under terms and conditions determined by the
10 authority and use the proceeds of the bonds to acquire any
11 obligations issued by the northwest Indiana regional development
12 authority established by IC 36-7.5-2-1;
13 (3) after December 31, 2009, issue bonds under terms and
14 conditions determined by the authority and use the proceeds of
15 the bonds to acquire any obligations issued by either the
16 commuter rail service board established under IC 8-24-5 or the

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1 regional demand and scheduled bus service board established
2 under IC 8-24-6;

3 (4) enter into leases and issue bonds under terms and conditions
4 determined by the authority and use the proceeds of the bonds to
5 carry out the purposes of IC 5-1-17.5 within a motorsports
6 investment district; ~~and~~

7 (5) perform any other functions determined by the authority to be
8 necessary or appropriate to carry out the purposes of IC 5-1-17.5
9 within a motorsports investment district; **and**

10 **(6) issue bonds under terms and conditions determined by the**
11 **authority and use the proceeds of the bonds to make grants**
12 **for infrastructure and local public improvements as provided**
13 **in IC 4-4-11.7.**

14 SECTION 2. IC 4-4-11.7 IS ADDED TO THE INDIANA CODE
15 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
16 UPON PASSAGE]:

17 **Chapter 11.7. Additional Authority: Infrastructure Grants**

18 **Sec. 1. As used in this chapter, "authority" refers to the Indiana**
19 **finance authority.**

20 **Sec. 2. As used in this chapter, "bonds" means any bonds, notes,**
21 **debentures, interim certificates, revenue anticipation notes,**
22 **warrants, or any other evidences of indebtedness of the authority.**

23 **Sec. 3. (a) The authority may issue its bonds in principal**
24 **amounts that the authority considers necessary to provide funds**
25 **for the purposes under this chapter, including making grants under**
26 **section 5 of this chapter.**

27 **(b) Every issue of bonds shall be obligations of the authority**
28 **payable solely out of the revenues or funds of the authority,**
29 **including any excise surtax revenue and wheel tax revenue**
30 **transferred to the authority as provided in section 4 of this chapter.**

31 **Sec. 4. (a) Upon approval of the executive of a county containing**
32 **a consolidated city, the authority may pledge for the payment of**
33 **bonds issued under this chapter an amount not to exceed a total of**
34 **seven million five hundred thousand dollars (\$7,500,000) each year**
35 **from excise surtax revenue and wheel tax revenue to be transferred**
36 **to the authority from a county containing a consolidated city, as**
37 **provided in this section.**

38 **(b) If excise surtax revenue and wheel tax revenues are pledged**
39 **by the authority as provided in subsection (a), the fiscal officer of**
40 **the county containing a consolidated city shall each year without**
41 **appropriation transfer to the authority the amount of excise surtax**
42 **revenue and wheel tax revenue pledged under subsection (a).**



(c) Excise surtax revenue and wheel tax revenue may not be transferred under this section for more than twenty-five (25) years.

Sec. 5. The proceeds of bonds issued under this chapter may be used for any of the following purposes:

(1) Making grants to a county containing a consolidated city to be used for the improving, constructing, reconstructing, renovating, or acquiring of any infrastructure or other local public improvements within the county containing a consolidated city (including but not limited to any sewer lines, waterlines, streets, sidewalks, curbs, bridges, roads, streets, parking facilities, lighting, electric signals, or information and high technology infrastructure (as defined in IC 5-28-9-4)).

(2) Any necessary reserves to secure the payment of the principal and interest on the bonds issued under this chapter.

(3) Bond insurance, debt service reserve insurance, letters of credit, or other credit enhancement related to the bonds issued under this chapter.

Sec. 6. (a) A bond of the authority under this chapter:

(1) is not a debt, liability, loan of the credit, or pledge of the faith and credit of the state or of any political subdivision;

(2) is payable solely from the money pledged or available for its payment under this chapter, unless funded or refunded by bonds of the authority; and

(3) must contain on its face a statement that the authority is obligated to pay principal and interest, and redemption premiums, if any, and that the faith, credit, and taxing power of the state are not pledged to the payment of the bond.

(b) The state pledges to and agrees with the holders of the bonds issued under this chapter that the state will not:

(1) limit or restrict the rights vested in the authority to fulfill the terms of any agreement made with the holders of its bonds; or

(2) in any way impair the rights or remedies of the holders of the bonds;

until the bonds, together with the interest on the bonds, and interest on unpaid installments of interest, and all costs and expenses in connection with an action or proceeding by or on behalf of the holders, are fully met, paid, and discharged.

Sec. 7. The bonds of the authority are negotiable instruments for all purposes of the Uniform Commercial Code (IC 26), subject only to the provisions of the bonds for registration.

Sec. 8. Except as otherwise provided in this chapter, the



1 authority may issue bonds under this chapter in the same manner
2 and using the same procedures as the authority may issue bonds
3 under IC 4-4-11.4.

4 Sec. 9. (a) An action to contest the validity of any bonds of the
5 authority to be sold at public sale may not be brought after the
6 fifteenth day following the first publication of notice of the sale of
7 the bonds. An action to contest the validity of any bond sale under
8 this chapter may not be brought after the fifth day following the
9 bond sale.

10 (b) If bonds are sold at private sale, an action to contest the
11 validity of such bonds may not be brought after the fifteenth day
12 following the adoption of the resolution authorizing the issuance of
13 the bonds.

14 (c) If an action challenging the bonds of the authority is not
15 brought within the time prescribed by subsection (a) or (b),
16 whichever is applicable, all bonds of the authority are conclusively
17 presumed to be fully authorized and issued under the laws of the
18 state, and a person or a qualified entity is estopped from
19 questioning their authorization, sale, issuance, execution, or
20 delivery by the authority.

21 (d) If this chapter is inconsistent with any other law (general,
22 special, or local), this chapter controls.

23 Sec. 10. Notwithstanding the restrictions of any other law, all
24 financial institutions, investment companies, insurance companies,
25 insurance associations, executors, administrators, guardians,
26 trustees, and other fiduciaries may legally invest sinking funds,
27 money, or other funds belonging to them or within their control in
28 bonds issued under this chapter.

29 Sec. 11. All property of the authority is public property devoted
30 to an essential public and governmental function and purpose and
31 is exempt from all taxes and special assessments, direct or indirect,
32 of the state or a political subdivision of the state. All bonds issued
33 under this chapter are issued by a body corporate and public of the
34 state, but not a state agency, and for an essential public and
35 governmental purpose and the bonds, the interest thereon, the
36 proceeds received by a holder from the sale of the bonds to the
37 extent of the holder's cost of acquisition, proceeds received upon
38 redemption before maturity, and proceeds received at maturity
39 and the receipt of the interest and proceeds are exempt from
40 taxation in the state for all purposes except a state inheritance tax
41 imposed under IC 6-4.1.

42 Sec. 12. Any bonds issued by the authority under this chapter



are exempt from the registration and other requirements of IC 23-19 and any other securities registration laws.

Sec. 13. This chapter is supplemental to all other statutes governing the authority.

SECTION 3. IC 6-1.1-18.5-3, AS AMENDED BY P.L.234-2013, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 3. (a) A civil taxing unit may not impose an ad valorem property tax levy for an ensuing calendar year that exceeds the amount determined in the last STEP of the following STEPS:

STEP ONE: Determine the civil taxing unit's maximum permissible ad valorem property tax levy for the preceding calendar year.

STEP TWO: Multiply the amount determined in STEP ONE by the amount determined in the last STEP of section 2(b) of this chapter.

STEP THREE: Determine the lesser of one and fifteen hundredths (1.15) or the quotient (rounded to the nearest ten-thousandth (0.0001)), of the assessed value of all taxable property subject to the civil taxing unit's ad valorem property tax levy for the ensuing calendar year, divided by the assessed value of all taxable property that is subject to the civil taxing unit's ad valorem property tax levy for the ensuing calendar year and that is contained within the geographic area that was subject to the civil taxing unit's ad valorem property tax levy in the preceding calendar year.

STEP FOUR: Determine the greater of the amount determined in STEP THREE or one (1).

STEP FIVE: Multiply the amount determined in STEP TWO by the amount determined in STEP FOUR.

STEP SIX: Add the amount determined under STEP TWO to the amount of an excessive levy appeal granted under section 13 of this chapter for the ensuing calendar year.

STEP SEVEN: Determine the greater of STEP FIVE or STEP SIX.

(b) This subsection applies only to property taxes first due and payable after December 31, 2007. This subsection applies only to a civil taxing unit that is located in a county for which:

(1) a county adjusted gross income tax rate is first imposed or is increased in a particular year under IC 6-3.5-1.1-24; or

(2) a county option income tax rate is first imposed or is increased in a particular year under IC 6-3.5-6-30;

to provide property tax relief in the county. Notwithstanding any



provision in this section, any other section of this chapter, or IC 12-20-21-3.2, and except as provided in subsection (c), the maximum permissible ad valorem property tax levy calculated under this section for the ensuing calendar year for a civil taxing unit subject to this section is equal to the civil taxing unit's maximum permissible ad valorem property tax levy for the current calendar year.

(c) This subsection applies only to property taxes first due and payable after December 31, 2007. In the case of a civil taxing unit that:

(1) is partially located in a county for which a county adjusted gross income tax rate is first imposed or is increased in a particular year under IC 6-3.5-1.1-24 or a county option income tax rate is first imposed or is increased in a particular year under IC 6-3.5-6-30 **to provide property tax relief in the county;** and

(2) is partially located in a county that is not described in subdivision (1);

the department of local government finance shall, notwithstanding subsection (b), adjust the portion of the civil taxing unit's maximum permissible ad valorem property tax levy that is attributable (as determined by the department of local government finance) to the county or counties described in subdivision (2). The department of local government finance shall adjust this portion of the civil taxing unit's maximum permissible ad valorem property tax levy so that, notwithstanding subsection (b), this portion is allowed to increase as otherwise provided in this section. If the department of local government finance increases the civil taxing unit's maximum permissible ad valorem property tax levy under this subsection, any additional property taxes imposed by the civil taxing unit under the adjustment shall be paid only by the taxpayers in the county or counties described in subdivision (2).

SECTION 4. IC 6-3.5-1.1-9, AS AMENDED BY P.L.261-2013, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 9. (a) Revenue derived from the imposition of the county adjusted gross income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it. The amount to be distributed to a county during an ensuing calendar year equals the amount of county adjusted gross income tax revenue that the budget agency determines has been:

(1) received from that county for a taxable year ending before the calendar year in which the determination is made; and

(2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;



1 as adjusted for refunds of county adjusted gross income tax made in the
2 state fiscal year.

3 (b) Before August 2 of each calendar year, the budget agency shall
4 provide to the county auditor of each adopting county an estimate of
5 the amount determined under subsection (a) that will be distributed to
6 the county, based on known tax rates. Not later than thirty (30) days
7 after receiving the estimate of the certified distribution, the county
8 auditor shall notify each taxing unit of the estimated amount of
9 property tax replacement credits, certified shares, and other revenue
10 that will be distributed to the taxing unit under this chapter during the
11 ensuing calendar year. Before October 1 of each calendar year, the
12 budget agency shall certify to the county auditor of each adopting
13 county the amount determined under subsection (a) plus the amount of
14 interest in the county's account that has accrued and has not been
15 included in a certification made in a preceding year. The amount
16 certified is the county's "certified distribution" for the immediately
17 succeeding calendar year. The amount certified shall be adjusted under
18 subsections (c), (d), (e), (f), and (g). Not later than thirty (30) days after
19 receiving the notice of the amount of the certified distribution, the
20 county auditor shall notify each taxing unit of the amount of property
21 tax replacement credits, certified shares, and other revenue that will be
22 distributed to the taxing unit under this chapter during the ensuing
23 calendar year. The budget agency shall provide the county council with
24 an informative summary of the calculations used to determine the
25 certified distribution. The summary of calculations must include:

- 26 (1) the amount reported on individual income tax returns
- 27 processed by the department during the previous fiscal year;
- 28 (2) adjustments for over distributions in prior years;
- 29 (3) adjustments for clerical or mathematical errors in prior years;
- 30 (4) adjustments for tax rate changes; and
- 31 (5) the amount of excess account balances to be distributed under
- 32 IC 6-3.5-1.1-21.1.

33 The budget agency shall also certify information concerning the part of
34 the certified distribution that is attributable to a tax rate under section
35 24, 25, or 26 of this chapter. This information must be certified to the
36 county auditor, the department, and the department of local government
37 finance before October 1 of each calendar year. The part of the certified
38 distribution that is attributable to a tax rate under section 24, 25, or 26
39 of this chapter may be used only as specified in those provisions.

40 (c) The budget agency shall certify an amount less than the amount
41 determined under subsection (b) if the budget agency determines that
42 the reduced distribution is necessary to offset overpayments made in a



1 calendar year before the calendar year of the distribution. The budget
2 agency may reduce the amount of the certified distribution over several
3 calendar years so that any overpayments are offset over several years
4 rather than in one (1) lump sum.

5 (d) The budget agency shall adjust the certified distribution of a
6 county to correct for any clerical or mathematical errors made in any
7 previous certification under this section. The budget agency may
8 reduce the amount of the certified distribution over several calendar
9 years so that any adjustment under this subsection is offset over several
10 years rather than in one (1) lump sum.

11 (e) This subsection applies to a county that initially imposes,
12 increases, decreases, or rescinds a tax or tax rate under this chapter
13 before November 1 in the same calendar year in which the budget
14 agency makes a certification under this section. The budget agency
15 shall adjust the certified distribution of a county to provide for a
16 distribution in the immediately following calendar year and in each
17 calendar year thereafter. The budget agency shall provide for a full
18 transition to certification of distributions as provided in subsection
19 (a)(1) through (a)(2) in the manner provided in subsection (c). If the
20 county imposes, increases, decreases, or rescinds a tax or tax rate under
21 this chapter after the date for which a certification under subsection (b)
22 is based, the budget agency shall adjust the certified distribution of the
23 county after September 30 of the calendar year. The adjustment shall
24 reflect any other adjustment required under subsections (c), (d), (f), and
25 (g). The adjusted certification shall be treated as the county's "certified
26 distribution" for the immediately succeeding calendar year. The budget
27 agency shall certify the adjusted certified distribution to the county
28 auditor for the county and provide the county council with an
29 informative summary of the calculations that revises the informative
30 summary provided in subsection (b) and reflects the changes made in
31 the adjustment.

32 (f) The budget agency shall adjust the certified distribution of a
33 county to provide the county with the distribution required under
34 section 3.3 of this chapter beginning not later than the tenth month after
35 the month in which additional revenue from the tax authorized under
36 section 3.3 of this chapter is initially collected.

37 (g) This subsection applies in the year in which a county initially
38 imposes a tax rate under section 24 of this chapter. Notwithstanding
39 any other provision, the budget agency shall adjust the part of the
40 county's certified distribution that is attributable to the tax rate under
41 section 24 of this chapter to provide for a distribution in the
42 immediately following calendar year equal to the result of:



(1) the sum of the amounts determined under STEP ONE through STEP FOUR of ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** in the year in which the county initially imposes a tax rate under section 24 of this chapter; multiplied by
(2) two (2).

(h) The budget agency shall before May 1 of every odd-numbered year publish an estimate of the statewide total amount of certified distributions to be made under this chapter during the following two (2) calendar years.

(i) The budget agency shall before May 1 of every even-numbered year publish an estimate of the statewide total amount of certified distributions to be made under this chapter during the following calendar year.

(j) The estimates under subsections (h) and (i) must specify the amount of the estimated certified distributions that are attributable to the additional rate authorized under section 24 of this chapter, the additional rate authorized under section 25 of this chapter, the additional rate authorized under section 26 of this chapter, and any other additional rates authorized under this chapter.

SECTION 5. IC 6-3.5-1.1-23, AS AMENDED BY P.L.224-2007, SECTION 65, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 23. (a) A pledge of county adjusted gross income tax revenues **received** under this chapter (other than tax revenue attributable to a tax rate under section 24, 25, or 26 of this chapter **for property tax relief or public safety**) is enforceable in accordance with IC 5-1-14.

(b) With respect to obligations for which a pledge has been made under this chapter, the general assembly covenants with the county and the purchasers or owners of those obligations that this chapter will not be repealed or amended in any manner that will adversely affect the collection of the tax imposed under this chapter as long as the principal of or interest on those obligations is unpaid.

SECTION 6. IC 6-3.5-1.1-24, AS AMENDED BY P.L.261-2013, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 24. (a) In a county in which the county adjusted gross income tax is in effect, the county council may adopt an ordinance to impose or increase (as applicable) a tax rate under this section.

(b) In a county in which neither the county adjusted gross income tax nor the county option income tax is in effect, the county council may adopt an ordinance to impose a tax rate under this section.

(c) If a county council adopts an ordinance to impose or increase a



1 tax rate under this section, not more than ten (10) days after the vote,
 2 the county auditor shall send a certified copy of the ordinance to the
 3 commissioner of the department, the director of the budget agency, and
 4 the commissioner of the department of local government finance in an
 5 electronic format approved by the director of the budget agency.

6 (d) A tax rate under this section is in addition to any other tax rates
 7 imposed under this chapter and does not affect the purposes for which
 8 other tax revenue under this chapter may be used.

9 (e) **Except as provided in subsection (t)**, the following apply only
 10 in the year in which a county council first imposes a tax rate under this
 11 section:

12 (1) The county council shall, in the ordinance imposing the tax
 13 rate, specify the tax rate for each of the following two (2) years.

14 (2) The tax rate that must be imposed in the county in the first
 15 year is equal to the result of:

16 (A) the tax rate determined for the county under
 17 ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** in the year in which the
 18 tax rate is increased; multiplied by

19 (B) two (2).

20 (3) The tax rate that must be imposed in the county in the second
 21 year is the tax rate determined for the county under
 22 ~~IC 6-3.5-1.5-1(b)~~ **IC 6-3.5-1.5-1(c)**. The tax rate under this
 23 subdivision continues in effect in later years unless the tax rate is
 24 increased under this section.

25 (4) The levy limitations in IC 6-1.1-18.5-3(b), IC 6-1.1-18.5-3(c),
 26 IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its
 27 repeal), and IC 12-29-2-2(c) apply to property taxes first due and
 28 payable in the ensuing calendar year and to property taxes first
 29 due and payable in the calendar year after the ensuing calendar
 30 year.

31 (f) **Except as provided in subsection (t)**, the following apply only
 32 in a year in which a county council increases a tax rate under this
 33 section:

34 (1) The county council shall, in the ordinance increasing the tax
 35 rate, specify the tax rate for the following year.

36 (2) The tax rate that must be imposed in the county is equal to the
 37 result of:

38 (A) the tax rate determined for the county under
 39 ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** in that year; plus

40 (B) the tax rate currently in effect in the county under this
 41 section.

42 The tax rate under this subdivision continues in effect in later



years unless the tax rate is increased under this section.

(3) The levy limitations in IC 6-1.1-18.5-3(b), IC 6-1.1-18.5-3(c), IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its repeal), and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year.

(g) **Except as provided in subsection (t)**, the department of local government finance shall determine the following property tax replacement distribution amounts:

STEP ONE: Determine the sum of the amounts determined under STEP ONE through STEP FOUR of ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** for the county in the preceding year.

STEP TWO: For distribution to each civil taxing unit that in the year had a maximum permissible property tax levy limited under IC 6-1.1-18.5-3(b), determine the result of:

(1) the quotient of:

(A) the part of the amount determined under STEP ONE of ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** in the preceding year that was attributable to the civil taxing unit; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP THREE: For distributions in 2009 and thereafter, the result of this STEP is zero (0). For distribution to the county for deposit in the county family and children's fund before 2009, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP TWO of ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP FOUR: For distributions in 2009 and thereafter, the result of this STEP is zero (0). For distribution to the county for deposit in the county children's psychiatric residential treatment services fund before 2009, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP THREE of ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this



- 1 section.
 2 STEP FIVE: For distribution to the county for community mental
 3 health center purposes, determine the result of:
 4 (1) the quotient of:
 5 (A) the amount determined under STEP FOUR of
 6 ~~IC 6-3.5-1.5-1(a)~~ IC 6-3.5-1.5-1(b) in the preceding year;
 7 divided by
 8 (B) the STEP ONE amount; multiplied by
 9 (2) the tax revenue received by the county treasurer under this
 10 section.
 11 Except as provided in subsection (m), the county treasurer shall
 12 distribute the portion of the certified distribution that is attributable to
 13 a tax rate under this section as specified in this section. The county
 14 treasurer shall make the distributions under this subsection at the same
 15 time that distributions are made to civil taxing units under section 15
 16 of this chapter.
 17 (h) Notwithstanding sections 3.1 and 4 of this chapter, a county
 18 council may not decrease or rescind a tax rate imposed under this
 19 ~~chapter.~~ **section.**
 20 (i) The tax rate under this section shall not be considered for
 21 purposes of computing:
 22 (1) the maximum income tax rate that may be imposed in a county
 23 under section 2 of this chapter or any other provision of this
 24 chapter; or
 25 (2) the maximum permissible property tax levy under
 26 IC 6-1.1-18.5-3.
 27 (j) The tax levy under this section shall not be considered for
 28 purposes of the credit under IC 6-1.1-20.6.
 29 (k) **Except as provided in subsections (s) and (t)**, a distribution
 30 under this section shall be treated as a part of the receiving civil taxing
 31 unit's property tax levy for that year for purposes of fixing the budget
 32 of the civil taxing unit and for determining the distribution of taxes that
 33 are distributed on the basis of property tax levies.
 34 (l) If a county council imposes a tax rate under this section (**other**
 35 **than a tax rate imposed under subsection (s)**), the portion of county
 36 adjusted gross income tax revenue dedicated to property tax
 37 replacement credits under section 11 of this chapter may not be
 38 decreased.
 39 (m) In the year following the year in a which a county first imposes
 40 a tax rate under this section, one-half (1/2) of the tax revenue that is
 41 attributable to the tax rate under this section (**other than a tax rate**
 42 **imposed under subsection (s)**) must be deposited in the county



1 stabilization fund established under subsection (o).

2 (n) **Except as provided in subsection (t) and IC 8-25**, a pledge of
3 county adjusted gross income taxes does not apply to revenue
4 attributable to a tax rate under this section.

5 (o) **Except as provided in subsection (t)**, a county stabilization
6 fund is established in each county that imposes a tax rate under this
7 section. The county stabilization fund shall be administered by the
8 county auditor. If for a year the certified distributions attributable to a
9 tax rate under this section exceed the amount calculated under STEP
10 ONE through STEP FOUR of ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** that
11 is used by the department of local government finance and the
12 department of state revenue to determine the tax rate under this section,
13 the excess shall be deposited in the county stabilization fund. Money
14 shall be distributed from the county stabilization fund in a year by the
15 county auditor to political subdivisions entitled to a distribution of tax
16 revenue attributable to the tax rate under this section if:

17 (1) the certified distributions attributable to a tax rate under this
18 section are less than the amount calculated under STEP ONE
19 through STEP FOUR of ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** that
20 is used by the department of local government finance and the
21 department of state revenue to determine the tax rate under this
22 section for a year; or

23 (2) the certified distributions attributable to a tax rate under this
24 section in a year are less than the certified distributions
25 attributable to a tax rate under this section in the preceding year.

26 However, subdivision (2) does not apply to the year following the first
27 year in which certified distributions of revenue attributable to the tax
28 rate under this section are distributed to the county.

29 (p) Notwithstanding any other provision, a tax rate imposed under
30 this section may not exceed one percent (1%).

31 (q) A county council must each year hold at least one (1) public
32 meeting at which the county council discusses whether the tax rate
33 under this section should be imposed or increased.

34 (r) The department of local government finance and the department
35 of state revenue may take any actions necessary to carry out the
36 purposes of this section.

37 (s) **This subsection applies only to Hancock County and Johnson**
38 **County. If the voters of the county approve a local public question**
39 **under IC 8-25-2, the fiscal body of the county may adopt an**
40 **ordinance to provide for the use of county adjusted gross income**
41 **tax revenues attributable to an additional tax rate imposed under**
42 **this subsection to fund a public transportation project under**



IC 8-25. An ordinance adopted under this subsection must specify an additional tax rate to be imposed in the county of at least one-tenth percent (0.1%), but not more than twenty-five hundredths percent (0.25%). If an ordinance is adopted under this subsection, the amount of the certified distribution attributable to the additional tax rate imposed under this subsection must be:

- (1) retained by the county auditor;**
- (2) deposited in the public transportation project fund established under IC 8-25-3-7; and**
- (3) used for the purpose provided in this subsection instead of as a property tax replacement distribution.**

(t) The following do not apply to an additional tax rate imposed under subsection (s):

- (1) Subsection (e).**
- (2) Subsection (f).**
- (3) Subsection (g).**
- (4) Subsection (k).**
- (5) Subsection (n).**
- (6) Subsection (o).**

SECTION 7. IC 6-3.5-1.5-1, AS AMENDED BY P.L.137-2012, SECTION 74, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 1. (a) This section does not apply to a tax rate imposed under IC 6-3.5-1.1-24(s) or IC 6-3.5-6-30(t) for a public transportation project authorized under IC 8-25-2.

(a) (b) The department of local government finance and the budget agency shall, before September 1 of each year, jointly calculate the county adjusted income tax rate or county option income tax rate (as applicable) that must be imposed in a county to raise income tax revenue in the following year equal to the sum of the following STEPS:

STEP ONE: Determine the greater of zero (0) or the result of:

- (1) the department of local government finance's estimate of the sum of the maximum permissible ad valorem property tax levies calculated under IC 6-1.1-18.5 for all civil taxing units in the county for the ensuing calendar year (before any adjustment under IC 6-1.1-18.5-3(g) or IC 6-1.1-18.5-3(h) for the ensuing calendar year); minus**
- (2) the sum of the maximum permissible ad valorem property tax levies calculated under IC 6-1.1-18.5 for all civil taxing units in the county for the current calendar year.**

In the case of a civil taxing unit that is located in more than one

- (1) county, the department of local government finance shall, for purposes of making the determination under this subdivision,**



1 apportion the civil taxing unit's maximum permissible ad valorem
 2 property tax levy among the counties in which the civil taxing unit
 3 is located.

4 STEP TWO: This STEP applies only to property taxes first due
 5 and payable before January 1, 2009. Determine the greater of zero
 6 (0) or the result of:

7 (1) the department of local government finance's estimate of
 8 the family and children property tax levy that will be imposed
 9 by the county under IC 12-19-7-4 (before its repeal) for the
 10 ensuing calendar year (before any adjustment under
 11 IC 12-19-7-4(b) (before its repeal) for the ensuing calendar
 12 year); minus

13 (2) the county's family and children property tax levy imposed
 14 by the county under IC 12-19-7-4 (before its repeal) for the
 15 current calendar year.

16 STEP THREE: This STEP applies only to property taxes first due
 17 and payable before January 1, 2009. Determine the greater of zero
 18 (0) or the result of:

19 (1) the department of local government finance's estimate of
 20 the children's psychiatric residential treatment services
 21 property tax levy that will be imposed by the county under
 22 IC 12-19-7.5-6 ~~for~~ (before its repeal) **for** the ensuing calendar
 23 year (before any adjustment under IC 12-19-7.5-6(b) (before
 24 its repeal) for the ensuing calendar year); minus

25 (2) the children's psychiatric residential treatment services
 26 property tax imposed by the county under IC 12-19-7.5-6
 27 (before its repeal) for the current calendar year.

28 STEP FOUR: Determine the greater of zero (0) or the result of:

29 (1) the department of local government finance's estimate of
 30 the county's maximum community mental health centers
 31 property tax levy under IC 12-29-2-2 for the ensuing calendar
 32 year (before any adjustment under IC 12-29-2-2(c) for the
 33 ensuing calendar year); minus

34 (2) the county's maximum community mental health centers
 35 property tax levy under IC 12-29-2-2 for the current calendar
 36 year.

37 ~~(b)~~ **(c)** In the case of a county that wishes to impose a tax rate under
 38 IC 6-3.5-1.1-24 or IC 6-3.5-6-30 (as applicable) for the first time, the
 39 department of local government finance and the budget agency shall
 40 jointly estimate the amount that will be calculated under subsection (a)
 41 in the second year after the tax rate is first imposed. The department of
 42 local government finance and the budget agency shall calculate the tax



rate under IC 6-3.5-1.1-24 or IC 6-3.5-6-30 (as applicable) that must be imposed in the county in the second year after the tax rate is first imposed to raise income tax revenue equal to the estimate under this subsection.

~~(c)~~ **(d)** The budget agency and the department of local government finance shall make the calculations under subsections ~~(a)~~ **(b)** and ~~(b)~~ **(c)** based on the best information available at the time the calculation is made.

~~(d)~~ **(e)** Notwithstanding IC 6-3.5-1.1-24(h) and IC 6-3.5-6-30(h), if a county has adopted an income tax rate under IC 6-3.5-1.1-24 or IC 6-3.5-6-30 to replace property tax levy growth, the part of the tax rate under IC 6-3.5-1.1-24 or IC 6-3.5-6-30 that was used before January 1, 2009, to reduce levy growth in the county family and children's fund property tax levy and the children's psychiatric residential treatment services property tax levy shall instead be used for property tax relief in the same manner that a tax rate under IC 6-3.5-1.1-26 or IC 6-3.5-6-32 is used for property tax relief.

SECTION 8. IC 6-3.5-4-4, AS AMENDED BY P.L.205-2013, SECTION 89, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) After January 1 but before July 1 of any year, the adopting entity may, subject to the limitations imposed by subsection (b), adopt an ordinance to rescind the surtax. If the adopting entity adopts such an ordinance, the surtax does not apply to a motor vehicle registered after December 31 of the year the ordinance is adopted.

(b) The adopting entity may not adopt an ordinance to rescind the surtax unless it concurrently adopts an ordinance under IC 6-3.5-5 to rescind the wheel tax. In addition, the adopting entity may not adopt an ordinance to rescind the surtax if:

(1) any portion of a loan obtained by the county under IC 8-14-8 is unpaid; ~~or~~

(2) any bonds issued by the county under IC 8-14-9 are outstanding; ~~or~~

(3) any bonds issued under IC 4-4-11.7 are outstanding.

SECTION 9. IC 6-3.5-4-5, AS AMENDED BY P.L.205-2013, SECTION 90, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) The adopting entity may, subject to the limitations imposed by subsection (b), adopt an ordinance to increase or decrease the surtax rate or amount. The new surtax rate or amount must be within the range of rates or amounts prescribed by section 2 of this chapter. A new rate or amount that is established by an ordinance that is adopted after December 31 but before July 1 of the following



year applies to motor vehicles registered after December 31 of the year in which the ordinance to change the rate or amount is adopted. A new rate or amount that is established by an ordinance that is adopted after June 30 but before January 1 of the following year applies to motor vehicles registered after December 31 of the year following the year in which the ordinance is adopted.

(b) The adopting entity may not adopt an ordinance to decrease the surtax rate or amount under this section if:

(1) any portion of a loan obtained by the county under IC 8-14-8 is unpaid; ~~or~~

(2) any bonds issued by the county under IC 8-14-9 are outstanding; ~~or~~

(3) any bonds issued under IC 4-4-11.7 are outstanding.

SECTION 10. IC 6-3.5-4-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) In the case of a county that contains a consolidated city, the city-county council may appropriate money derived from the surtax to the department of transportation established by IC 36-3-5-4 for use by the department under law. The city-county council may not appropriate money derived from the surtax for any other purpose.

(b) Money derived from the surtax may also be used and transferred as provided in IC 4-4-11.7 without appropriation.

SECTION 11. IC 6-3.5-5-6, AS AMENDED BY P.L.205-2013, SECTION 96, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) After January 1 but before July 1 of any year, the adopting entity may, subject to the limitations imposed by subsection (b), adopt an ordinance to rescind the wheel tax. If the adopting entity adopts such an ordinance, the wheel tax does not apply to a vehicle registered after December 31 of the year the ordinance is adopted.

(b) The adopting entity may not adopt an ordinance to rescind the wheel tax unless it concurrently adopts an ordinance under IC 6-3.5-4 to rescind the annual license excise surtax. In addition, the adopting entity may not adopt an ordinance to rescind the wheel tax if:

(1) any portion of a loan obtained by the county under IC 8-14-8 is unpaid; ~~or~~

(2) any bonds issued by the county under IC 8-14-9 are outstanding; ~~or~~

(3) any bonds issued under IC 4-4-11.7 are outstanding.

SECTION 12. IC 6-3.5-5-7, AS AMENDED BY P.L.205-2013, SECTION 97, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) The adopting entity may, subject to the



1 limitations imposed by subsection (b), adopt an ordinance to increase
 2 or decrease the wheel tax rates. The new wheel tax rates must be within
 3 the range of rates prescribed by section 2 of this chapter. New rates that
 4 are established by an ordinance that is adopted after December 31 but
 5 before July 1 of the following year apply to vehicles registered after
 6 December 31 of the year in which the ordinance to change the rates is
 7 adopted. New rates that are established by an ordinance that is adopted
 8 after June 30 but before July 1 of the following year apply to motor
 9 vehicles registered after December 31 of the year following the year in
 10 which the ordinance is adopted.

11 (b) The adopting entity may not adopt an ordinance to decrease the
 12 wheel tax rate under this section if:

13 (1) any portion of a loan obtained by the county under IC 8-14-8
 14 is unpaid; ~~or~~

15 (2) any bonds issued by the county under IC 8-14-9 are
 16 outstanding; ~~or~~

17 **(3) any bonds issued under IC 4-4-11.7 are outstanding.**

18 SECTION 13. IC 6-3.5-5-14 IS AMENDED TO READ AS
 19 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 14. (a) In the case
 20 of a county that contains a consolidated city, the city-county council
 21 may appropriate money derived from the wheel tax to:

22 (1) the department of transportation established by IC 36-3-5-4
 23 for use by the department under law; or

24 (2) an authority established under IC 36-7-23.

25 (b) The city-county council may not appropriate money derived
 26 from the wheel tax for any other purpose.

27 **(c) Money derived from the wheel tax may also be used and**
 28 **transferred as provided in IC 4-4-11.7 without appropriation.**

29 SECTION 14. IC 6-3.5-6-17, AS AMENDED BY P.L.261-2013,
 30 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 31 JULY 1, 2014]: Sec. 17. (a) Revenue derived from the imposition of
 32 the county option income tax shall, in the manner prescribed by this
 33 section, be distributed to the county that imposed it. The amount that
 34 is to be distributed to a county during an ensuing calendar year equals
 35 the amount of county option income tax revenue that the budget agency
 36 determines has been:

37 (1) received from that county for a taxable year ending in a
 38 calendar year preceding the calendar year in which the
 39 determination is made; and

40 (2) reported on an annual return or amended return processed by
 41 the department in the state fiscal year ending before July 1 of the
 42 calendar year in which the determination is made;



1 as adjusted (as determined after review of the recommendation of the
2 budget agency) for refunds of county option income tax made in the
3 state fiscal year.

4 (b) Before August 2 of each calendar year, the budget agency shall
5 provide to the county auditor of each adopting county an estimate of
6 the amount determined under subsection (a) that will be distributed to
7 the county, based on known tax rates. Not later than thirty (30) days
8 after receiving the estimate of the certified distribution, the county
9 auditor shall notify each taxing unit of the estimated amount of
10 distributive shares and other revenue that will be distributed to the
11 taxing unit under this chapter during the ensuing calendar year. Before
12 October 1 of each calendar year, the budget agency shall certify to the
13 county auditor of each adopting county the amount determined under
14 subsection (a) plus the amount of interest in the county's account that
15 has accrued and has not been included in a certification made in a
16 preceding year. The amount certified is the county's "certified
17 distribution" for the immediately succeeding calendar year. The amount
18 certified shall be adjusted, as necessary, under subsections (c), (d), (e),
19 and (f). Not later than thirty (30) days after receiving the notice of the
20 amount of the certified distribution, the county auditor shall notify each
21 taxing unit of the amount of distributive shares and other revenue that
22 will be distributed to the taxing unit under this chapter during the
23 ensuing calendar year. The budget agency shall provide the county
24 council with an informative summary of the calculations used to
25 determine the certified distribution. The summary of calculations must
26 include:

- 27 (1) the amount reported on individual income tax returns
- 28 processed by the department during the previous fiscal year;
- 29 (2) adjustments for over distributions in prior years;
- 30 (3) adjustments for clerical or mathematical errors in prior years;
- 31 (4) adjustments for tax rate changes; and
- 32 (5) the amount of excess account balances to be distributed under
- 33 IC 6-3.5-6-17.3.

34 The budget agency shall also certify information concerning the part of
35 the certified distribution that is attributable to a tax rate under section
36 30, 31, or 32 of this chapter. This information must be certified to the
37 county auditor and to the department of local government finance
38 before October 1 of each calendar year. The part of the certified
39 distribution that is attributable to a tax rate under section 30, 31, or 32
40 of this chapter may be used only as specified in those provisions.

41 (c) The budget agency shall certify an amount less than the amount
42 determined under subsection (b) if the budget agency determines that



the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The budget agency may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(d) The budget agency shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The budget agency may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) This subsection applies to a county that imposes, increases, decreases, or rescinds a tax or tax rate under this chapter before November 1 in the same calendar year in which the budget agency makes a certification under this section. The budget agency shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The budget agency shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c). If the county imposes, increases, decreases, or rescinds a tax or tax rate under this chapter after the date for which a certification under subsection (b) is based, the budget agency shall adjust the certified distribution of the county after September 30 of the calendar year. The adjustment shall reflect any other adjustment required under subsections (c), (d), and (f). The adjusted certification shall be treated as the county's "certified distribution" for the immediately succeeding calendar year. The budget agency shall certify the adjusted certified distribution to the county auditor for the county and provide the county council with an informative summary of the calculations that revises the informative summary provided in subsection (b) and reflects the changes made in the adjustment.

(f) This subsection applies in the year a county initially imposes a tax rate under section 30 of this chapter. Notwithstanding any other provision, the budget agency shall adjust the part of the county's certified distribution that is attributable to the tax rate under section 30 of this chapter to provide for a distribution in the immediately following calendar year equal to the result of:

(1) the sum of the amounts determined under STEP ONE through STEP FOUR of ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** in the year in which the county initially imposes a tax rate under section 30 of this chapter; multiplied by



(2) the following:

(A) In a county containing a consolidated city, one and five-tenths (1.5).

(B) In a county other than a county containing a consolidated city, two (2).

(g) One-twelfth (1/12) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 16 of this chapter to the appropriate county treasurer on the first regular business day of each month of that calendar year.

(h) Upon receipt, each monthly payment of a county's certified distribution shall be allocated among, distributed to, and used by the civil taxing units of the county as provided in sections 18 and 19 of this chapter.

(i) All distributions from an account established under section 16 of this chapter shall be made by warrants issued by the auditor of state to the treasurer of state ordering the appropriate payments.

(j) The budget agency shall before May 1 of every odd-numbered year publish an estimate of the statewide total amount of certified distributions to be made under this chapter during the following two (2) calendar years.

(k) The budget agency shall before May 1 of every even-numbered year publish an estimate of the statewide total amount of certified distributions to be made under this chapter during the following calendar year.

(l) The estimates under subsections (j) and (k) must specify the amount of the estimated certified distributions that are attributable to the additional rate authorized under section 30 of this chapter, the additional rate authorized under section 31 of this chapter, the additional rate authorized under section 32 of this chapter, and any other additional rates authorized under this chapter.

SECTION 15. IC 6-3.5-6-18, AS AMENDED BY P.L.135-2011, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 18. (a) The revenue a county auditor receives under this chapter shall be used to:

(1) replace the amount, if any, of property tax revenue lost due to the allowance of an increased homestead credit within the county;

(2) fund the operation of a public communications system and computer facilities district as provided in an election, if any, made by the county fiscal body under IC 36-8-15-19(b);

(3) fund the operation of a public transportation corporation as provided in an election, if any, made by the county fiscal body



under IC 36-9-4-42;

(4) fund the operation of a public library in a county containing a consolidated city as provided in an election, if any, made by the county fiscal body under IC 36-3-7-6;

(5) make payments permitted under IC 36-7-14-25.5 or IC 36-7-15.1-17.5;

(6) make payments permitted under subsection (i);

(7) make distributions of distributive shares to the civil taxing units of a county; ~~and~~

(8) make the distributions permitted under sections 27, 28, 29, 30, 31, 32, and 33 of this chapter; **and**

(9) fund a public transportation project approved under IC 8-25-2, if any.

(b) The county auditor shall retain from the payments of the county's certified distribution, an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. This money shall be distributed to the civil taxing units and school corporations of the county as though they were property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to the allowance of an increased homestead credit.

(c) The county auditor shall retain:

(1) the amount, if any, specified by the county fiscal body for a particular calendar year under subsection (i), IC 36-3-7-6, IC 36-7-14-25.5, IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the county's certified distribution for that same calendar year; and

(2) the amount of an additional tax rate imposed under section 27, 28, 29, 30, 31, 32, or 33 of this chapter.

The county auditor shall distribute amounts retained under this subsection to the county.

(d) All certified distribution revenues that are not retained and distributed under subsections (b) and (c) shall be distributed to the civil taxing units of the county as distributive shares.

(e) The amount of distributive shares that each civil taxing unit in a county is entitled to receive during a month equals the product of the following:

(1) The amount of revenue that is to be distributed as distributive shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the allocation amount for the civil taxing unit for the calendar year in which the month falls. The denominator of the fraction equals the sum of the allocation amounts of all the civil taxing units of the county for



1 the calendar year in which the month falls.

2 (f) The department of local government finance shall provide each
3 county auditor with the fractional amount of distributive shares that
4 each civil taxing unit in the auditor's county is entitled to receive
5 monthly under this section.

6 (g) Notwithstanding subsection (e), if a civil taxing unit of an
7 adopting county does not impose a property tax levy that is first due
8 and payable in a calendar year in which distributive shares are being
9 distributed under this section, that civil taxing unit is entitled to receive
10 a part of the revenue to be distributed as distributive shares under this
11 section within the county. The fractional amount such a civil taxing
12 unit is entitled to receive each month during that calendar year equals
13 the product of the following:

14 (1) The amount to be distributed as distributive shares during that
15 month; multiplied by

16 (2) A fraction. The numerator of the fraction equals the budget of
17 that civil taxing unit for that calendar year. The denominator of
18 the fraction equals the aggregate budgets of all civil taxing units
19 of that county for that calendar year.

20 (h) If for a calendar year a civil taxing unit is allocated a part of a
21 county's distributive shares by subsection (g), then the formula used in
22 subsection (e) to determine all other civil taxing units' distributive
23 shares shall be changed each month for that same year by reducing the
24 amount to be distributed as distributive shares under subsection (e) by
25 the amount of distributive shares allocated under subsection (g) for that
26 same month. The department of local government finance shall make
27 any adjustments required by this subsection and provide them to the
28 appropriate county auditors.

29 (i) Notwithstanding any other law, a county fiscal body may pledge
30 revenues received under this chapter (other than revenues attributable
31 to a tax rate imposed under section 30, 31, or 32 of this chapter **for**
32 **property tax relief or public safety**) to the payment of bonds or lease
33 rentals to finance a qualified economic development tax project under
34 IC 36-7-27 in that county or in any other county if the county fiscal
35 body determines that the project will promote significant opportunities
36 for the gainful employment or retention of employment of the county's
37 residents.

38 SECTION 16. IC 6-3.5-6-26, AS AMENDED BY P.L.224-2007,
39 SECTION 82, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
40 JULY 1, 2014]: Sec. 26. (a) A pledge of county option income tax
41 revenues **received** under this chapter (other than revenues attributable
42 to a tax rate imposed under section 30, 31, or 32 of this chapter **for**



1 **property tax relief or public safety)** is enforceable in accordance with
 2 IC 5-1-14.

3 (b) With respect to obligations for which a pledge has been made
 4 under this chapter, the general assembly covenants with the county and
 5 the purchasers or owners of those obligations that this chapter will not
 6 be repealed or amended in any manner that will adversely affect the tax
 7 collected under this chapter as long as the principal of or interest on
 8 those obligations is unpaid.

9 SECTION 17. IC 6-3.5-6-30, AS AMENDED BY P.L.261-2013,
 10 SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 11 JULY 1, 2014]: Sec. 30. (a) In a county in which the county option
 12 income tax is in effect, the county income tax council may adopt an
 13 ordinance to impose or increase (as applicable) a tax rate under this
 14 section.

15 (b) In a county in which neither the county option adjusted gross
 16 income tax nor the county option income tax is in effect, the county
 17 income tax council may adopt an ordinance to impose a tax rate under
 18 this section.

19 (c) If a county income tax council adopts an ordinance to impose or
 20 increase a tax rate under this section, not more than ten (10) days after
 21 the vote, the county auditor shall send a certified copy of the ordinance
 22 to the commissioner of the department, the director of the budget
 23 agency, and the commissioner of the department of local government
 24 finance in an electronic format approved by the director of the budget
 25 agency.

26 (d) A tax rate under this section is in addition to any other tax rates
 27 imposed under this chapter and does not affect the purposes for which
 28 other tax revenue under this chapter may be used.

29 (e) **Except as provided in subsection (u)**, the following apply only
 30 in the year in which a county income tax council first imposes a tax rate
 31 under this section:

32 (1) The county income tax council shall, in the ordinance
 33 imposing the tax rate, specify the tax rate for each of the
 34 following two (2) years.

35 (2) The tax rate that must be imposed in the county in the first
 36 year is equal to the result of:

37 (A) the tax rate determined for the county under
 38 ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** in that year; multiplied by

39 (B) the following:

40 (i) In a county containing a consolidated city, one and
 41 five-tenths (1.5).

42 (ii) In a county other than a county containing a consolidated



1 city, two (2).

2 (3) The tax rate that must be imposed in the county in the second
3 year is the tax rate determined for the county under
4 ~~IC 6-3.5-1.5-1(b)~~; **IC 6-3.5-1.5-1(c)**. The tax rate under this
5 subdivision continues in effect in later years unless the tax rate is
6 increased under this section.

7 (4) The levy limitations in IC 6-1.1-18.5-3(b), IC 6-1.1-18.5-3(c),
8 IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its
9 repeal), and IC 12-29-2-2(c) apply to property taxes first due and
10 payable in the ensuing calendar year and to property taxes first
11 due and payable in the calendar year after the ensuing calendar
12 year.

13 (f) **Except as provided in subsection (u)**, the following apply only
14 in a year in which a county income tax council increases a tax rate
15 under this section:

16 (1) The county income tax council shall, in the ordinance
17 increasing the tax rate, specify the tax rate for the following year.

18 (2) The tax rate that must be imposed in the county is equal to the
19 result of:

20 (A) the tax rate determined for the county under
21 ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** in the year the tax rate is
22 increased; plus

23 (B) the tax rate currently in effect in the county under this
24 section.

25 The tax rate under this subdivision continues in effect in later
26 years unless the tax rate is increased under this section.

27 (3) The levy limitations in IC 6-1.1-18.5-3(b), IC 6-1.1-18.5-3(c),
28 IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its
29 repeal), and IC 12-29-2-2(c) apply to property taxes first due and
30 payable in the ensuing calendar year.

31 (g) **Except as provided in subsection (u)**, the department of local
32 government finance shall determine the following property tax
33 replacement distribution amounts:

34 STEP ONE: Determine the sum of the amounts determined under
35 STEP ONE through STEP FOUR of ~~IC 6-3.5-1.5-1(a)~~
36 **IC 6-3.5-1.5-1(b)** for the county in the preceding year.

37 STEP TWO: For distribution to each civil taxing unit that in the
38 year had a maximum permissible property tax levy limited under
39 IC 6-1.1-18.5-3(b), determine the result of:

40 (1) the quotient of:

41 (A) the part of the amount determined under STEP ONE of
42 ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** in the preceding year



1 that was attributable to the civil taxing unit; divided by
 2 (B) the STEP ONE amount; multiplied by
 3 (2) the tax revenue received by the county treasurer under this
 4 section.
 5 STEP THREE: For distributions in 2009 and thereafter, the result
 6 of this STEP is zero (0). For distribution to the county for deposit
 7 in the county family and children's fund before 2009, determine
 8 the result of:
 9 (1) the quotient of:
 10 (A) the amount determined under STEP TWO of
 11 ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** in the preceding year;
 12 divided by
 13 (B) the STEP ONE amount; multiplied by
 14 (2) the tax revenue received by the county treasurer under this
 15 section.
 16 STEP FOUR: For distributions in 2009 and thereafter, the result
 17 of this STEP is zero (0). For distribution to the county for deposit
 18 in the county children's psychiatric residential treatment services
 19 fund before 2009, determine the result of:
 20 (1) the quotient of:
 21 (A) the amount determined under STEP THREE of
 22 ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** in the preceding year;
 23 divided by
 24 (B) the STEP ONE amount; multiplied by
 25 (2) the tax revenue received by the county treasurer under this
 26 section.
 27 STEP FIVE: For distribution to the county for community mental
 28 health center purposes, determine the result of:
 29 (1) the quotient of:
 30 (A) the amount determined under STEP FOUR of
 31 ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** in the preceding year;
 32 divided by
 33 (B) the STEP ONE amount; multiplied by
 34 (2) the tax revenue received by the county treasurer under this
 35 section.
 36 Except as provided in subsection (m), the county treasurer shall
 37 distribute the portion of the certified distribution that is attributable to
 38 a tax rate under this section as specified in this section. The county
 39 treasurer shall make the distributions under this subsection at the same
 40 time that distributions are made to civil taxing units under section 18
 41 of this chapter.
 42 (h) Notwithstanding sections 12 and 12.5 of this chapter, a county



1 income tax council may not decrease or rescind a tax rate imposed
2 under this section.

3 (i) The tax rate under this section shall not be considered for
4 purposes of computing:

5 (1) the maximum income tax rate that may be imposed in a county
6 under section 8 or 9 of this chapter or any other provision of this
7 chapter; or

8 (2) the maximum permissible property tax levy under
9 IC 6-1.1-18.5-3.

10 (j) The tax levy under this section shall not be considered for
11 purposes of the credit under IC 6-1.1-20.6.

12 (k) **Except as provided in subsections (t) and (u)**, a distribution
13 under this section shall be treated as a part of the receiving civil taxing
14 unit's property tax levy for that year for purposes of fixing its budget
15 and for determining the distribution of taxes that are distributed on the
16 basis of property tax levies.

17 (l) If a county income tax council imposes a tax rate under this
18 section (**other than a tax rate imposed under subsection (t)**), the
19 county option income tax rate dedicated to locally funded homestead
20 credits in the county may not be decreased.

21 (m) In the year following the year in which a county first imposes
22 a tax rate under this section:

23 (1) one-third (1/3) of the tax revenue that is attributable to the tax
24 rate under this section must be deposited in the county
25 stabilization fund established under subsection (o), in the case of
26 a county containing a consolidated city; and

27 (2) one-half (1/2) of the tax revenue that is attributable to the tax
28 rate under this section (**other than a tax rate imposed under**
29 **subsection (t)**) must be deposited in the county stabilization fund
30 established under subsection (o), in the case of a county not
31 containing a consolidated city.

32 (n) **Except as provided in subsection (t) and IC 8-25**, a pledge of
33 county option income taxes does not apply to revenue attributable to a
34 tax rate under this section.

35 (o) **Except as provided in subsections (t) and (u)**, a county
36 stabilization fund is established in each county that imposes a tax rate
37 under this section. The county stabilization fund shall be administered
38 by the county auditor. If for a year the certified distributions
39 attributable to a tax rate under this section exceed the amount
40 calculated under STEP ONE through STEP FOUR of ~~IC 6-3.5-1.5-1(a)~~
41 **IC 6-3.5-1.5-1(b)** that is used by the department of local government
42 finance and the department of state revenue to determine the tax rate



under this section, the excess shall be deposited in the county stabilization fund. Money shall be distributed from the county stabilization fund in a year by the county auditor to political subdivisions entitled to a distribution of tax revenue attributable to the tax rate under this section if:

(1) the certified distributions attributable to a tax rate under this section are less than the amount calculated under STEP ONE through STEP FOUR of ~~IC 6-3.5-1.5-1(a)~~ **IC 6-3.5-1.5-1(b)** that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section for a year; or

(2) the certified distributions attributable to a tax rate under this section in a year are less than the certified distributions attributable to a tax rate under this section in the preceding year.

However, subdivision (2) does not apply to the year following the first year in which certified distributions of revenue attributable to the tax rate under this section are distributed to the county.

(p) Notwithstanding any other provision, a tax rate imposed under this section may not exceed one percent (1%).

(q) **Except as provided in subsection (u),** a county income tax council must each year hold at least one (1) public meeting at which the county council discusses whether the tax rate under this section should be imposed or increased.

(r) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

(s) Notwithstanding any other provision, in:

(1) Lake County;

(2) **Delaware County; and**

(3) **Madison County;**

the county council (and not the county income tax council) is the entity authorized to take actions concerning the additional tax rate under this section.

(t) This subsection applies only to Delaware County and Madison County. If the voters of a county approve a local public question under IC 8-25-2, the fiscal body of the county may, after at least one (1) public meeting, adopt an ordinance to provide for the use of county option income tax revenue attributable to an additional tax rate imposed under this subsection to fund a public transportation project under IC 8-25. An ordinance adopted under this subsection must specify an additional tax rate to be imposed in the county of at least one-tenth percent (0.1%), but not more than



1 twenty-five hundredths percent (0.25%). If an ordinance is
 2 adopted under this subsection, the amount of the certified
 3 distribution attributable to the additional tax rate imposed under
 4 this subsection must be:

- 5 (1) retained by the county auditor;
- 6 (2) deposited in the county public transportation project fund
- 7 established under IC 8-25-3-7; and
- 8 (3) used for the purpose provided in this subsection instead of
- 9 as a property tax replacement distribution.

10 (u) The following do not apply to an additional tax rate imposed
 11 under subsection (t):

- 12 (1) Subsection (e).
- 13 (2) Subsection (f).
- 14 (3) Subsection (g).
- 15 (4) Subsection (k).
- 16 (5) Subsection (n).
- 17 (6) Subsection (o).
- 18 (7) Subsection (q).

19 SECTION 18. IC 6-3.5-7-5, AS AMENDED BY P.L.261-2013,
 20 SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 21 JULY 1, 2014]: Sec. 5. (a) Except as provided in subsection (c), the
 22 county economic development income tax may be imposed on the
 23 adjusted gross income of county taxpayers. **Except as provided in**
 24 **section 26(m) of this chapter**, the entity that may impose the tax is:

- 25 (1) the county income tax council (as defined in IC 6-3.5-6-1) if
- 26 the county option income tax is in effect on October 1 of the year
- 27 the county economic development income tax is imposed;
- 28 (2) the county council if the county adjusted gross income tax is
- 29 in effect on October 1 of the year the county economic
- 30 development tax is imposed; or
- 31 (3) the county income tax council or the county council,
- 32 whichever acts first, for a county not covered by subdivision (1)
- 33 or (2).

34 To impose the county economic development income tax, a county
 35 income tax council shall use the procedures set forth in IC 6-3.5-6
 36 concerning the imposition of the county option income tax.

37 (b) Except as provided in this section and section 28 of this chapter,
 38 the county economic development income tax may be imposed at a rate
 39 of:

- 40 (1) one-tenth percent (0.1%);
- 41 (2) two-tenths percent (0.2%);
- 42 (3) twenty-five hundredths percent (0.25%);



- 1 (4) three-tenths percent (0.3%);
 2 (5) thirty-five hundredths percent (0.35%);
 3 (6) four-tenths percent (0.4%);
 4 (7) forty-five hundredths percent (0.45%); or
 5 (8) five-tenths percent (0.5%);

6 on the adjusted gross income of county taxpayers.

7 (c) Except as provided in this section, the county economic
 8 development income tax rate plus the county adjusted gross income tax
 9 rate, if any, that are in effect on January 1 of a year may not exceed one
 10 and twenty-five hundredths percent (1.25%). Except as provided in this
 11 section, the county economic development tax rate plus the county
 12 option income tax rate, if any, that are in effect on January 1 of a year
 13 may not exceed one percent (1%).

14 (d) To impose, increase, decrease, or rescind the county economic
 15 development income tax, the appropriate body must adopt an
 16 ordinance.

17 (e) The ordinance to impose the tax must substantially state the
 18 following:

19 "The _____ County _____ imposes the county economic
 20 development income tax on the county taxpayers of _____
 21 County. The county economic development income tax is imposed at
 22 a rate of _____ percent (____%) on the county taxpayers of the
 23 county."

24 (f) The auditor of a county shall record all votes taken on ordinances
 25 presented for a vote under the authority of this chapter and shall, not
 26 more than ten (10) days after the vote, send a certified copy of the
 27 results to the commissioner of the department, the director of the
 28 budget agency, and the commissioner of the department of local
 29 government finance in an electronic format approved by the director of
 30 the budget agency.

31 (g) For Jackson County, except as provided in subsection (o), the
 32 county economic development income tax rate plus the county adjusted
 33 gross income tax rate that are in effect on January 1 of a year may not
 34 exceed one and thirty-five hundredths percent (1.35%) if the county has
 35 imposed the county adjusted gross income tax at a rate of one and
 36 one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

37 (h) For Pulaski County, except as provided in subsection (o), the
 38 county economic development income tax rate plus the county adjusted
 39 gross income tax rate that are in effect on January 1 of a year may not
 40 exceed one and fifty-five hundredths percent (1.55%).

41 (i) For Wayne County, except as provided in subsection (o), the
 42 county economic development income tax rate plus the county adjusted



gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(j) This subsection applies to Randolph County. Except as provided in subsection (o), in addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%);

if the county council makes a determination to impose rates under this subsection and section 22.5 of this chapter.

(k) For Daviess County, except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(l) For:

(1) Elkhart County; or

(2) Marshall County;

except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(m) For Union County, except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(n) This subsection applies to Knox County. Except as provided in subsection (o), in addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) the sum of the county economic development income tax rate and:

(A) the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%); or

(B) the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%);

if the county council makes a determination to impose rates under this subsection and section 24 of this chapter.



(o) **This subsection applies to a county in which an adopting entity approves the use of the certified distribution for property tax relief under section 26(c) and 26(e) of this chapter or to a county in which the county fiscal body approves the use of the certified distribution to fund a public transportation project under section 26(m) of this chapter.** In addition:

(1) the county economic development income tax may be imposed at a rate that exceeds by not more than twenty-five hundredths percent (0.25%) the maximum rate that would otherwise apply under this section; and

(2) the:

(A) county economic development income tax; and

(B) county option income tax or county adjusted gross income tax;

may be imposed at combined rates that exceed by not more than twenty-five hundredths percent (0.25%) the maximum combined rates that would otherwise apply under this section.

~~However,~~ **Except as provided in section 5.5 of this chapter,** the additional rate imposed under this subsection may not exceed the amount necessary to mitigate the increased ad valorem property taxes on homesteads (as defined in IC 6-1.1-20.9-1 (repealed) before January 1, 2009, or IC 6-1.1-12-37 after December 31, 2008) or residential property (as defined in section 26 of this chapter), as appropriate under the ordinance adopted by the adopting body in the county, resulting from the deduction of the assessed value of inventory in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42 or from the exclusion in 2008 of inventory from the definition of personal property in IC 6-1.1-1-11.

(p) If the county economic development income tax is imposed as authorized under subsection (o) at a rate that exceeds the maximum rate that would otherwise apply under this section, the certified distribution must be used for ~~the~~ **a** purpose provided in section 26 of this chapter to the extent that the certified distribution results from the difference between:

(1) the actual county economic development tax rate; and

(2) the maximum rate that would otherwise apply under this section.

(q) This subsection applies only to a county described in section 27 of this chapter. Except as provided in subsection (o), in addition to the rates permitted by subsection (b), the:

(1) county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) county economic development income tax rate plus the county



option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%); if the county council makes a determination to impose rates under this subsection and section 27 of this chapter.

(r) Except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%) if the county has imposed the county adjusted gross income tax under IC 6-3.5-1.1-3.3.

(s) This subsection applies to Howard County. Except as provided in subsection (o), the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).

(t) This subsection applies to Scott County. Except as provided in subsection (o), the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).

(u) This subsection applies to Jasper County. Except as provided in subsection (o), the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(v) An additional county economic development income tax rate imposed under section 28 of this chapter may not be considered in calculating any limit under this section on the sum of:

- (1) the county economic development income tax rate plus the county adjusted gross income tax rate; or
- (2) the county economic development tax rate plus the county option income tax rate.

(w) The income tax rate limits imposed by subsection (c) or (x) or any other provision of this chapter do not apply to:

- (1) a county adjusted gross income tax rate imposed under IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26; or
- (2) a county option income tax rate imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.

For purposes of computing the maximum combined income tax rate under subsection (c) or (x) or any other provision of this chapter that may be imposed in a county under IC 6-3.5-1.1, IC 6-3.5-6, and this chapter, a county's county adjusted gross income tax rate or county option income tax rate for a particular year does not include the county



adjusted gross income tax rate imposed under IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26 or the county option income tax rate imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.

(x) This subsection applies to Monroe County. Except as provided in subsection (o), if an ordinance is adopted under IC 6-3.5-6-33, the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).

(y) This subsection applies to Perry County. Except as provided in subsection (o), if an ordinance is adopted under section 27.5 of this chapter, the county economic development income tax rate plus the county option income tax rate that is in effect on January 1 of a year may not exceed one and seventy-five hundredths percent (1.75%).

(z) This subsection applies to Starke County. Except as provided in subsection (o), if an ordinance is adopted under section 27.6 of this chapter, the county economic development income tax rate plus the county adjusted gross income tax rate that is in effect on January 1 of a year may not exceed two percent (2%).

SECTION 19. IC 6-3.5-7-5.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: **Sec. 5.5. (a) This section applies to Hamilton County and Marion County.**

(b) If an additional tax rate is imposed under section 5(o) of this chapter:

(1) by a county subject to this section; and

(2) for the purpose described in section 26(m) of this chapter; the additional tax rate is not subject to the limitations set forth in section 5(o) of this chapter that relate to increased ad valorem property taxes on homesteads or residential property resulting from the exclusion of inventory from the definition of personal property in IC 6-1.1-1-11.

SECTION 20. IC 6-3.5-7-26, AS AMENDED BY P.L.137-2012, SECTION 105, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: **Sec. 26. (a) This section applies only to the following:**

(1) Taxes imposed under this chapter to provide homestead and property tax replacement credits for property taxes first due and payable after calendar year 2006.

(2) Taxes imposed under this chapter to fund a public transportation project under subsection (m).

(b) The following definitions apply throughout this section:

(1) "Adopt" includes amend.



(2) "Adopting entity" means:

(A) the entity that adopts an ordinance under IC 6-1.1-12-41(f); or

(B) any other entity that may impose a county economic development income tax under section 5 of this chapter.

(3) "Homestead" refers to tangible property that is eligible for a homestead credit under IC 6-1.1-20.9 (repealed) or the standard deduction under IC 6-1.1-12-37.

(4) "Residential" refers to the following:

(A) Real property, a mobile home, and industrialized housing that would qualify as a homestead if the taxpayer had filed for a homestead credit under IC 6-1.1-20.9 (repealed) or the standard deduction under IC 6-1.1-12-37.

(B) Real property not described in clause (A) designed to provide units that are regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more, regardless of whether the tangible property is subject to assessment under rules of the department of local government finance that apply to:

(i) residential property; or

(ii) commercial property.

(c) This subsection does not apply to a county in which the county fiscal body adopts an ordinance to provide for the use of the certified distribution described in section 16 of this chapter to fund a public transportation project under IC 8-25. An adopting entity may adopt an ordinance to provide for the use of the certified distribution described in section 16 of this chapter for the purpose provided in subsection (e). An adopting entity that adopts an ordinance under this subsection shall use the procedures set forth in IC 6-3.5-6 concerning the adoption of an ordinance for the imposition of the county option income tax. The ordinance may provide for an additional rate under section 5(o) of this chapter. An ordinance adopted under this subsection:

(1) first applies to the certified distribution described in section 16 of this chapter made in the later of the calendar year that immediately succeeds the calendar year in which the ordinance is adopted or calendar year 2007; and

(2) must specify that the certified distribution must be used to provide for one (1) of the following, as determined by the adopting entity:

(A) Uniformly applied homestead credits as provided in subsection (f).



1 (B) Uniformly applied residential credits as provided in
2 subsection (g).

3 (C) Allocated homestead credits as provided in subsection (i).

4 (D) Allocated residential credits as provided in subsection (j).

5 An ordinance adopted under this subsection may be combined with an
6 ordinance adopted under section 25 of this chapter (before its repeal).

7 (d) If an ordinance is adopted under subsection (c), the percentage
8 of the certified distribution specified in the ordinance for use for the
9 purpose provided in subsection (e) shall be:

10 (1) retained by the county auditor under subsection (k); and

11 (2) used for the purpose provided in subsection (e) instead of the
12 purposes specified in the capital improvement plans adopted
13 under section 15 of this chapter.

14 (e) If an ordinance is adopted under subsection (c), the adopting
15 entity shall use the certified distribution described in section 16 of this
16 chapter to provide:

17 (1) if the ordinance grants a credit described in subsection
18 (c)(2)(A) or (c)(2)(C), a homestead credit for homesteads; or

19 (2) if the ordinance grants a credit described in subsection
20 (c)(2)(B) or (c)(2)(D), a property tax replacement credit for
21 residential property;

22 for property taxes to offset the effect on homesteads or residential
23 property, as applicable, in the county resulting from the statewide
24 deduction for inventory under IC 6-1.1-12-42 or from the exclusion in
25 2008 of inventory from the definition of personal property in
26 IC 6-1.1-1-11. The amount of a residential property tax replacement
27 credit granted under this section may not be considered in computing
28 the amount of any homestead credit to which the residential property
29 may be entitled under IC 6-1.1-20.9 (before its repeal) or another law
30 other than IC 6-1.1-20.6.

31 (f) If the imposing entity specifies the application of uniform
32 homestead credits under subsection (c)(2)(A), the county auditor shall,
33 for each calendar year in which a homestead credit percentage is
34 authorized under this section, determine:

35 (1) the amount of the certified distribution that is available to
36 provide a homestead credit percentage under this section for the
37 year;

38 (2) the amount of uniformly applied homestead credits for the
39 year in the county that equals the amount determined under
40 subdivision (1); and

41 (3) the percentage of homestead credit under this section that
42 equates to the amount of homestead credits determined under



1 subdivision (2).

2 (g) If the imposing entity specifies the application of uniform
3 residential credits under subsection (c)(2)(B), the county auditor shall
4 determine for each calendar year in which a homestead credit
5 percentage is authorized under this section:

6 (1) the amount of the certified distribution that is available to
7 provide a residential property tax replacement credit percentage
8 for the year;

9 (2) the amount of uniformly applied residential property tax
10 replacement credits for the year in the county that equals the
11 amount determined under subdivision (1); and

12 (3) the percentage of residential property tax replacement credit
13 under this section that equates to the amount of residential
14 property tax replacement credits determined under subdivision
15 (2).

16 (h) The percentage of homestead credit determined by the county
17 auditor under subsection (f) or the percentage of residential property
18 tax replacement credit determined by the county auditor under
19 subsection (g) applies uniformly in the county in the calendar year for
20 which the percentage is determined.

21 (i) If the imposing entity specifies the application of allocated
22 homestead credits under subsection (c)(2)(C), the county auditor shall,
23 for each calendar year in which a homestead credit is authorized under
24 this section, determine:

25 (1) the amount of the certified distribution that is available to
26 provide a homestead credit under this section for the year; and

27 (2) except as provided in subsection (1), a percentage of
28 homestead credit for each taxing district in the county that
29 allocates to the taxing district an amount of homestead credits that
30 bears the same proportion to the amount determined under
31 subdivision (1) that the amount of inventory assessed value
32 deducted under IC 6-1.1-12-42 in the taxing district for the
33 assessment date in 2006 bears to the total inventory assessed
34 value deducted under IC 6-1.1-12-42 in the county for the
35 assessment date in 2006.

36 (j) If the imposing entity specifies the application of allocated
37 residential property tax replacement credits under subsection (c)(2)(D),
38 the county auditor shall determine for each calendar year in which a
39 residential property tax replacement credit is authorized under this
40 section:

41 (1) the amount of the certified distribution that is available to
42 provide a residential property tax replacement credit under this



section for the year; and

(2) except as provided in subsection (1), a percentage of residential property tax replacement credit for each taxing district in the county that allocates to the taxing district an amount of residential property tax replacement credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-42 in the taxing district for the assessment date in 2006 bears to the total inventory assessed value deducted under IC 6-1.1-12-42 in the county for the assessment date in 2006.

(k) **This subsection does not apply to a county in which the county fiscal body adopts an ordinance to provide for the use of the certified distribution described in section 16 of this chapter to fund a public transportation project under IC 8-25.** The county auditor shall retain from the payments of the county's certified distribution an amount equal to the revenue lost, if any, due to the homestead credit or residential property tax replacement credit provided under this section within the county. The money shall be distributed to the civil taxing units and school corporations of the county:

(1) as if the money were from property tax collections; and

(2) in such a manner that no civil taxing unit or school corporation will suffer a net revenue loss because of the allowance of a homestead credit or residential property tax replacement credit under this section.

(l) **This subsection does not apply to a county in which the county fiscal body adopts an ordinance to provide for the use of the certified distribution described in section 16 of this chapter to fund a public transportation project under IC 8-25.** Subject to the approval of the imposing entity, the county auditor may adjust the increased percentage of:

(1) homestead credit determined under subsection (i)(2) if the county auditor determines that the adjustment is necessary to achieve an equitable reduction of property taxes among the homesteads in the county; or

(2) residential property tax replacement credit determined under subsection (j)(2) if the county auditor determines that the adjustment is necessary to achieve an equitable reduction of property taxes among the residential property in the county.

(m) **This section applies to Hamilton County and Marion County. If the voters of a county approve a local public question under IC 8-25-2, the fiscal body of the county may adopt an ordinance to provide for the use of the certified distribution**



described in section 16 of this chapter to fund a public transportation project under IC 8-25. An ordinance adopted under this subsection must specify an additional tax rate to be imposed in the county of at least one-tenth percent (0.1%), but not more than twenty-five hundredths percent (0.25%). If an ordinance is adopted under this subsection, the amount of the certified distribution attributable to the additional tax rate specified in the ordinance and authorized by section 5(o) of this chapter to fund a public transportation project under IC 8-25 must be:

- (1) retained by the county auditor; and
- (2) used for the purpose provided in this subsection instead of the purposes specified in the capital improvement plan adopted under section 15 of this chapter.

SECTION 21. IC 6-3.5-10 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]:

Chapter 10. County Corporate Income Tax

Sec. 1. This chapter applies only to an eligible county.

Sec. 2. As used in this chapter, "adjusted gross income" has the meaning set forth in IC 6-3-1-3.5(b).

Sec. 3. As used in this chapter, "corporation" means a corporation that is:

- (1) organized for profit;
- (2) incorporated under or subject to IC 23-1; and
- (3) commonly known as a C corporation.

The term does not include a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2).

Sec. 4. As used in this chapter, "department" means the Indiana department of state revenue.

Sec. 5. As used in this chapter, "doing business within the county" means employing at least one (1) individual to work, in whole or in part, within the county and doing at least one (1) of the following:

- (1) Maintaining a fixed place of business in the county.
- (2) Owning or leasing property within the county.
- (3) Maintaining a stock of tangible personal property within the county.
- (4) Employing or loaning capital or property within the county.
- (5) Employing persons as employees or independent contractors to solicit business within the county.

Sec. 6. As used in this chapter, "eligible county" means one (1)



or more of the following counties:

- (1) Delaware County.
- (2) Hamilton County.
- (3) Hancock County.
- (4) Johnson County.
- (5) Madison County.
- (6) Marion County.

Sec. 7. As used in this chapter, "fiscal body" means:

- (1) the county council of a county not having a consolidated city; or
- (2) the city-county council of a county having a consolidated city.

Sec. 8. As used in this chapter, "public transportation project" has the meaning set forth in IC 8-25-1-7.

Sec. 9. (a) If the voters of an eligible county approve a local public question under IC 8-25-2, the fiscal body of the eligible county may adopt an ordinance to impose the county corporate income tax on corporations doing business within the county.

(b) The fiscal body may impose the county corporate income tax on the corporation's adjusted gross income attributable to the eligible county (as determined under section 10 of this chapter).

(c) If the fiscal body adopts an ordinance under this section, the county corporate income tax must be imposed each year at a rate that is sufficient to generate tax revenue at least equal to the product of:

- (1) the average annual operating costs estimated for the public transportation project for the first five (5) years of the project and each five (5) year period thereafter; multiplied by
- (2) ten percent (10%).

Sec. 10. The amount of a corporation's adjusted gross income attributable to an eligible county is equal to the result determined in STEP SIX of the following formula:

STEP ONE: Determine the amount of the corporation's Indiana adjusted gross income as reported on the corporation's Indiana adjusted gross income tax return or returns.

STEP TWO: Determine the greater of zero (0) or the quotient of:

- (A) the total amount of compensation paid to the corporation's employees working in the eligible county; divided by
- (B) the total amount of compensation paid to the



- 1 corporation's employees working in Indiana.
 2 **STEP THREE: Determine the greater of zero (0) or the**
 3 **quotient of:**
 4 (A) the total amount of the corporation's sales in the
 5 eligible county; divided by
 6 (B) the total amount of the corporation's sales in Indiana.
 7 **STEP FOUR: Determine the greater of zero (0) or the**
 8 **quotient of:**
 9 (A) the total amount of assessed valuation of real and
 10 personal property owned by the corporation and located in
 11 the eligible county; divided by
 12 (B) the total amount of assessed valuation of real and
 13 personal property owned by the corporation and located in
 14 Indiana.
 15 **STEP FIVE: Determine the quotient of:**
 16 (A) the sum of the STEP TWO, STEP THREE, and STEP
 17 FOUR results; divided by
 18 (B) three (3).
 19 **STEP SIX: Determine the product of:**
 20 (A) the STEP ONE amount; multiplied by
 21 (B) the STEP FIVE result.
 22 **Sec. 11. If a fiscal body adopts an ordinance under section 9 of**
 23 **this chapter, the ordinance takes effect on January 1 of the**
 24 **following calendar year. However, a tax imposed under this**
 25 **chapter may not be in effect at the same time that a county**
 26 **corporate employment tax is in effect under IC 6-9-45.**
 27 **Sec. 12. Except as provided in section 14 of this chapter, the**
 28 **fiscal body may, before July 1 of any year, adopt an ordinance to**
 29 **rescind the corporate county income tax. If the fiscal body adopts**
 30 **an ordinance to rescind the county corporate income tax, the tax**
 31 **does not apply after December 31 of the calendar year in which the**
 32 **ordinance is adopted.**
 33 **Sec. 13. Except as provided in section 14 of this chapter, the**
 34 **fiscal body may, before July 1 of any year, adopt an ordinance to**
 35 **increase or decrease the county corporate income tax rate. The**
 36 **new tax rate takes effect on January 1 of the following calendar**
 37 **year.**
 38 **Sec. 14. A fiscal body may not decrease the county corporate**
 39 **income tax rate or rescind the county corporate income tax if the**
 40 **fiscal body has pledged the tax for a public transportation project**
 41 **authorized under IC 8-25.**
 42 **Sec. 15. If a fiscal body adopts an ordinance to impose, rescind,**



1 or change the rate of the county corporate income tax, the fiscal
 2 body shall send a copy of the ordinance to the department, the
 3 county auditor, and the county treasurer.

4 **Sec. 16.** A tax imposed under this chapter is a listed tax. A
 5 taxpayer subject to the tax shall file a return and pay any tax
 6 liability at the same time that the taxpayer files an adjusted gross
 7 income tax return under IC 6-3. The department shall prescribe
 8 the forms, returns, and schedules necessary to administer the tax.
 9 The department may take any other action necessary to administer
 10 the tax.

11 **Sec. 17. (a)** The treasurer of state shall establish a special
 12 account within the state general fund for each county adopting the
 13 county corporate income tax. Any revenue derived from the
 14 imposition of the county corporate income tax by a county must be
 15 deposited in that county's account in the state general fund.

16 **(b)** Any income earned on money held in an account under
 17 subsection (a) becomes a part of that account.

18 **(c)** Any revenue remaining in an account established under
 19 subsection (a) at the end of a fiscal year does not revert to the state
 20 general fund.

21 **Sec. 18. (a)** Revenue derived from the imposition of the county
 22 corporate income tax must be distributed to the county that
 23 imposed the tax in the manner provided by this section.

24 **(b)** The entire amount deposited, including any income earned
 25 on the amounts deposited, in a particular calendar year in the
 26 account established for an eligible county under section 17 of this
 27 chapter must be distributed from the account to the county
 28 treasurer of the eligible county on the first regular business day of
 29 July in the following calendar year.

30 **(c)** All distributions from an account established under section
 31 17 of this chapter must be made by warrants issued by the auditor
 32 of state to the treasurer of state ordering the appropriate
 33 payments.

34 **Sec. 19.** The county treasurer shall deposit all corporate income
 35 tax revenues received under section 18 of this chapter in the county
 36 public transportation project fund established under IC 8-25-3-7.

37 **SECTION 22.** IC 6-8.1-1-1, AS AMENDED BY P.L.277-2013,
 38 SECTION 15, AND AS AMENDED BY P.L.288-2013, SECTION 68,
 39 IS CORRECTED AND AMENDED TO READ AS FOLLOWS
 40 [EFFECTIVE JULY 1, 2014]: Sec. 1. "Listed taxes" or "taxes" includes
 41 only the pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the
 42 riverboat admissions tax (IC 4-33-12); the riverboat wagering tax



(IC 4-33-13); the slot machine wagering tax (IC 4-35-8); the type II gambling game excise tax (IC 4-36-9); the gross income tax (IC 6-2.1) (repealed); the utility receipts and utility services use taxes (IC 6-2.3); the state gross retail and use taxes (IC 6-2.5); the adjusted gross income tax (IC 6-3); the supplemental net income tax (IC 6-3-8) (repealed); the county adjusted gross income tax (IC 6-3.5-1.1); the county option income tax (IC 6-3.5-6); the county economic development income tax (IC 6-3.5-7); **the county corporate income tax (IC 6-3.5-10)**; the auto rental excise tax (IC 6-6-9); the financial institutions tax (IC 6-5.5); the gasoline tax (IC 6-6-1.1); ~~the alternative fuel permit fee (IC 6-6-2.1)~~; the special fuel tax (IC 6-6-2.5); the motor carrier fuel tax (IC 6-6-4.1); a motor fuel tax collected under a reciprocal agreement under IC 6-8.1-3; the motor vehicle excise tax (IC 6-6-5); ~~the aviation fuel excise tax (IC 6-6-13)~~; the commercial vehicle excise tax (IC 6-6-5.5); the excise tax imposed on recreational vehicles and truck campers (IC 6-6-5.1); the hazardous waste disposal tax (IC 6-6-6.6); the cigarette tax (IC 6-7-1); the beer excise tax (IC 7.1-4-2); the liquor excise tax (IC 7.1-4-3); the wine excise tax (IC 7.1-4-4); the hard cider excise tax (IC 7.1-4-4.5); the malt excise tax (IC 7.1-4-5); the petroleum severance tax (IC 6-8-1); the various innkeeper's taxes (IC 6-9); the various food and beverage taxes (IC 6-9); the county admissions tax (IC 6-9-13 and IC 6-9-28); the regional transportation improvement income tax (IC 8-24-17); the oil inspection fee (IC 16-44-2); the emergency and hazardous chemical inventory form fee (IC 6-6-10); the penalties assessed for oversize vehicles (IC 9-20-3 and IC 9-30); the fees and penalties assessed for overweight vehicles (IC 9-20-4 and IC 9-30); the underground storage tank fee (IC 13-23); the solid waste management fee (IC 13-20-22); and any other tax or fee that the department is required to collect or administer.

SECTION 23. IC 6-9-45 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]:

Chapter 45. County Corporate Employment Tax

Sec. 1. This chapter applies only to an eligible county.

Sec. 2. As used in this chapter, "compensation" means gross income from services rendered as that term is defined by Section 61(a) of the Internal Revenue Code.

Sec. 3. As used in this chapter, "corporation" means a corporation that is:

- (1) organized for profit;**
- (2) incorporated under or subject to IC 23-1; and**
- (3) commonly known as a C corporation.**



1 The term does not include a corporation that is exempt from the
2 adjusted gross income tax under IC 6-3-2-2.8(2).

3 Sec. 4. As used in this chapter, "doing business within the
4 county" means employing an individual to work, in whole or in
5 part, within the county and doing at least one (1) of the following:

6 (1) Maintaining a fixed place of business in the county.

7 (2) Owning or leasing property within the county.

8 (3) Maintaining a stock of tangible personal property within
9 the county.

10 (4) Employing or loaning capital or property within the
11 county.

12 (5) Employing an employee or engaging an independent
13 contractor to solicit business within the county.

14 Sec. 5. As used in this chapter, "eligible county" means one (1)
15 or more of the following counties:

16 (1) Delaware County.

17 (2) Hamilton County.

18 (3) Hancock County.

19 (4) Johnson County.

20 (5) Madison County.

21 (6) Marion County.

22 Sec. 6. As used in this chapter, "employee" means an individual
23 who is paid wages or other compensation by an employer who is
24 required under federal income tax law to file a Form W-2 on behalf
25 of the individual.

26 Sec. 7. As used in this chapter, "employer" means a corporation
27 that is doing business within an eligible county.

28 Sec. 8. As used in this chapter, "fiscal body" means:

29 (1) the county council of a county not having a consolidated
30 city; or

31 (2) the city-county council of a county having a consolidated
32 city.

33 Sec. 9. As used in this chapter, "full-time employee" means an
34 employee who received compensation from employment of at least
35 nine hundred dollars (\$900) in any calendar quarter of a year from
36 an employer who is subject to the tax imposed by this chapter.

37 Sec. 10. As used in this chapter, "principally employed in the
38 county" means an employee who devotes more than fifty percent
39 (50%) of the time that the employee works for the employer to
40 services that the employee performs in the taxing county.

41 Sec. 11. As used in this chapter, "public transportation project"
42 has the meaning set forth in IC 8-25-1-7.



1 **Sec. 12. (a) If the voters of an eligible county approve a local**
 2 **public question under IC 8-25-2, the fiscal body of the eligible**
 3 **county may adopt an ordinance to impose an employment tax on**
 4 **each employer described in section 17 of this chapter. If the fiscal**
 5 **body adopts an ordinance under this section, the county corporate**
 6 **employment tax must be imposed each year at a rate that is**
 7 **sufficient to generate tax revenue at least equal to the product of:**

8 **(1) the average annual operating costs estimated for the**
 9 **public transportation project for the first five (5) years of the**
 10 **project and each five (5) year period thereafter; multiplied by**

11 **(2) ten percent (10%).**

12 **(b) If a fiscal body adopts an ordinance under subsection (a), the**
 13 **ordinance takes effect on January 1 of the following calendar year.**
 14 **However, a tax imposed under this chapter may not be in effect at**
 15 **the same time that a county corporate income tax is in effect under**
 16 **IC 6-3.5-10.**

17 **Sec. 13. Except as provided in section 15 of this chapter, the**
 18 **fiscal body may, before July 1 of any year, adopt an ordinance to**
 19 **rescind the county corporate employment tax. If the fiscal body**
 20 **adopts an ordinance to rescind the county corporate employment**
 21 **tax, the tax does not apply after December 31 of the year the**
 22 **ordinance is adopted.**

23 **Sec. 14. Except as provided in section 15 of this chapter, the**
 24 **fiscal body may, before July 1 of any year, adopt an ordinance to**
 25 **increase or decrease the county corporate employment tax rate.**
 26 **The new tax rate takes effect on January 1 of the following**
 27 **calendar year.**

28 **Sec. 15. A fiscal body may not decrease the county corporate**
 29 **employment tax rate or rescind the employment tax if the fiscal**
 30 **body has pledged the county corporate employment tax for a**
 31 **public transportation project authorized under IC 8-25.**

32 **Sec. 16. If a fiscal body adopts an ordinance to impose, rescind,**
 33 **or change the rate of the county corporate employment tax, the**
 34 **fiscal body shall send a copy of the ordinance to the county auditor**
 35 **and to the county treasurer.**

36 **Sec. 17. If the fiscal body adopts an ordinance to impose the**
 37 **county corporate employment tax, an employer is subject to the tax**
 38 **if the employer employs at least one (1) full-time employee who is**
 39 **principally employed in the county during any part of a month**
 40 **beginning after the effective date of the ordinance imposing the tax.**

41 **Sec. 18. An employer described in section 17 of this chapter shall**
 42 **pay county corporate employment tax for each month during**



1 which the employer employed at least one (1) full-time employee
 2 who was principally employed in the county during that month. An
 3 employer's tax liability under this chapter for the month equals:

- 4 (1) the total number of full-time employees principally
 5 employed within the county during that month; multiplied by
 6 (2) the applicable tax rate.

7 **Sec. 19.** An employer described in section 17 of this chapter shall
 8 pay the total county corporate employment tax due for each month
 9 to the county treasurer not later than the fifteenth day of the
 10 following month. The employer shall file a county corporate
 11 employment tax return with the county treasurer on a form
 12 prescribed by the state board of accounts at the time of payment.
 13 Each employer within the county shall maintain for a period of five
 14 (5) years adequate records to determine its tax liability for a
 15 particular month. The department of state revenue shall conduct
 16 an audit of an employer's county corporate employment tax
 17 records upon the request of the county treasurer.

18 **Sec. 20.** The county treasurer shall deposit all county corporate
 19 employment tax revenues in the county public transportation
 20 project fund established under IC 8-25-3-7.

21 **Sec. 21.** On or before August 1 of each year, the auditor of a
 22 county that has adopted the county corporate employment tax shall
 23 provide the fiscal body with an estimate of the county corporate
 24 employment tax revenues to be credited to the county public
 25 transportation project fund during the next calendar year. The
 26 county shall show the estimated county corporate employment tax
 27 revenues in its budget estimate for that calendar year.

28 SECTION 24. IC 8-25 IS ADDED TO THE INDIANA CODE AS
 29 A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1,
 30 2014]:

31 **ARTICLE 25. CENTRAL INDIANA PUBLIC**
 32 **TRANSPORTATION PROJECTS**

33 **Chapter 1. General Provisions**

34 **Sec. 1.** The purpose of this article is to provide a flexible means
 35 of planning, designing, acquiring, constructing, enlarging,
 36 improving, renovating, maintaining, equipping, financing,
 37 operating, and supporting public transportation systems that can
 38 be adapted to the unique circumstances existing in central Indiana.

39 **Sec. 2.** The definitions in this chapter apply throughout this
 40 article.

41 **Sec. 3.** "Bonds" means, except as otherwise provided, bonds,
 42 notes, or other evidences of indebtedness. The term includes



obligations (as defined in IC 8-9.5-9-3) and swap agreements (as defined in IC 8-9.5-9-4).

Sec. 4. "Corporation" means a corporation that is:

- (1) organized for profit;
- (2) incorporated under or subject to IC 23-1; and
- (3) commonly known as a C corporation.

The term does not include a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2).

Sec. 5. "Eligible county" means one (1) or more of the following counties:

- (1) Delaware County.
- (2) Hamilton County.
- (3) Hancock County.
- (4) Johnson County.
- (5) Madison County.
- (6) Marion County.

Sec. 6. "Light rail" means a streetcar type vehicle railway operated on city streets, semi-private rights-of-way, or exclusive private rights-of-way using step-entry vehicles or level boarding.

Sec. 7. "Public transportation project" refers to an action taken to:

- (1) plan;
- (2) design;
- (3) acquire;
- (4) construct;
- (5) enlarge;
- (6) improve;
- (7) renovate;
- (8) maintain;
- (9) equip; or
- (10) operate;

a public transportation system in an eligible county.

Sec. 8. "Public transportation agency" has the meaning set forth in IC 36-9-1-5.5.

Sec. 9. "Public transportation system" means any common carrier of passengers for hire.

Chapter 2. Local Public Questions on Central Indiana Public Transportation Projects

Sec. 1. Except as provided in IC 8-25-4-6, the fiscal body of an eligible county may adopt an ordinance to place on the ballot a local public question granting the fiscal body of the eligible county the authority to fund and carry out a public transportation project.



1 **The fiscal body shall include in the ordinance:**

- 2 **(1) a description of the public transportation services that will**
3 **be provided through the proposed public transportation**
4 **project; and**
5 **(2) an estimate of each tax necessary to annually fund the**
6 **public transportation project.**

7 **Sec. 2. (a) This section applies to Hamilton County and Marion**
8 **County.**

9 **(b) If a fiscal body of an eligible county adopts an ordinance**
10 **under section 1 of this chapter, the county auditor shall certify the**
11 **ordinance to the county election board, and the county election**
12 **board shall place the following question on the election ballot in**
13 **accordance with IC 3-10-9:**

14 **"Shall _____ County have the ability to impose:**

- 15 **(1) a county economic development income tax rate, not to**
16 **exceed a rate of _____ (insert recommended rate**
17 **included in the ordinance authorizing the local public**
18 **question); and**
19 **(2) a business tax on corporations in the form of**
20 **_____ (insert the type of tax proposed in the**
21 **ordinance authorizing the local public question) and at the**
22 **rate of _____ (insert recommended rate**
23 **included in the ordinance authorizing the local public**
24 **question);**

25 **to pay for improving or establishing public transportation**
26 **service in the county through a public transportation project**
27 **that _____ (insert the description of the public**
28 **transportation project set forth in the ordinance authorizing**
29 **the local public question)?".**

30 **Sec. 3. (a) This section applies to Delaware County and Madison**
31 **County.**

32 **(b) If a fiscal body of an eligible county adopts an ordinance**
33 **under section 1 of this chapter, the county auditor shall certify the**
34 **ordinance to the county election board, and the county election**
35 **board shall place the following question on the election ballot in**
36 **accordance with IC 3-10-9:**

37 **"Shall _____ County have the ability to impose:**

- 38 **(1) a county option income tax rate, not to exceed a rate of**
39 **_____ (insert recommended rate included in the**
40 **ordinance authorizing the local public question); and**
41 **(2) a business tax on corporations in the form of**
42 **_____ (insert the type of tax proposed in the**



ordinance authorizing the local public question) and at the rate of _____ (insert recommended rate included in the ordinance authorizing the local public question);

to pay for improving or establishing public transportation service in the county through a public transportation project that _____ (insert the description of the public transportation project set forth in the ordinance authorizing the local public question)?".

Sec. 4. (a) This section applies to Hancock County and Johnson County.

(b) If a fiscal body of an eligible county adopts an ordinance under section 1 of this chapter, the county auditor shall certify the ordinance to the county election board, and the county election board shall place the following question on the election ballot in accordance with IC 3-10-9:

"Shall _____ County have the ability to impose:

(1) a county adjusted gross income tax rate, not to exceed a rate of _____ (insert recommended rate included in the ordinance authorizing the local public question); and

(2) a business tax on corporations in the form of _____ (insert the type of tax proposed in the ordinance authorizing the local public question) and at the rate of _____ (insert recommended rate included in the ordinance authorizing the local public question);

to pay for improving or establishing public transportation service in the county through a public transportation project that _____ (insert the description of the public transportation project set forth in the ordinance authorizing the local public question)?".

Sec. 5. Except as provided in section 8 of this chapter, if a county auditor certifies an ordinance under section 2, 3, or 4 of this chapter, the county election board shall place the local public question on the ballot at the next general election for which the question may be certified under IC 3-10-9-3 and for which all voters of the county are entitled to vote.

Sec. 6. After an election on the local public question, the circuit court clerk of the county shall:

(1) make a certified copy of the election returns; and

(2) not later than five (5) days after the election, file the copy with:



1 (A) the department of state revenue; and

2 (B) the fiscal body of the county.

3 Sec. 7. The local public question is approved by a county if a
4 majority of the county voters voting on the local public question
5 vote "yes". The local public question is defeated by a county if a
6 majority of the county voters voting on the local public question
7 vote "no".

8 Sec. 8. If the local public question is defeated in a county, the
9 fiscal body may adopt an ordinance under this section to place
10 another local public question on the ballot as provided in this
11 section at a subsequent general election in the county. However, a
12 local public question under this section may not be placed on the
13 ballot more than two (2) times in any seven (7) year period.

14 Sec. 9. Nothing in this article creates a moral obligation of the
15 state:

16 (1) to pay for any transportation project or service or other
17 amounts under this article;

18 or

19 (2) to pay any bonds issued under this article.

20 Sec. 10. No general tax revenues of the state may be used to pay
21 for a transportation project or service under this article. However,
22 this section does not apply to distributions from the public mass
23 transportation fund.

24 Chapter 3. Funding for Central Indiana Public Transportation
25 Projects

26 Sec. 1. (a) This section applies to Hamilton County and Marion
27 County.

28 (b) If the voters of an eligible county approve a local public
29 question under IC 8-25-2, the fiscal body of the eligible county
30 may, subject to section 4 of this chapter, adopt ordinances as
31 follows to fund the public transportation project:

32 (1) Under IC 6-3.5-7-26(m) to impose an additional county
33 economic development income tax rate as allowed by
34 IC 6-3.5-7-5(o) for the public transportation project.

35 (2) Under either of the following:

36 (A) IC 6-3.5-10 to impose a county corporate income tax
37 for the public transportation project.

38 (B) IC 6-9-45 to impose a county corporate employment
39 tax for the public transportation project.

40 Sec. 2. (a) This section applies to Delaware County and Madison
41 County.

42 (b) If the voters of an eligible county approve a local public



question under IC 8-25-2, the fiscal body of the eligible county may, subject to section 4 of this chapter, adopt ordinances as follows to fund the public transportation project:

(1) Under IC 6-3.5-6-30(t) to impose an additional county option income tax rate for the public transportation project.

(2) Under either of the following:

(A) IC 6-3.5-10 to impose a county corporate income tax for the public transportation project.

(B) IC 6-9-45 to impose a county corporate employment tax for the public transportation project.

Sec. 3. (a) This section applies to Hancock County and Johnson County.

(b) If the voters of an eligible county approve a local public question under IC 8-25-2, the fiscal body of the eligible county may, subject to section 4 of this chapter, adopt ordinances as follows to fund the public transportation project:

(1) Under IC 6-3.5-1.1-24(s) to impose an additional county adjusted gross income tax rate for the public transportation project.

(2) Under either of the following:

(A) IC 6-3.5-10 to impose a county corporate income tax for the public transportation project.

(B) IC 6-9-45 to impose a county corporate employment tax for the public transportation project.

Sec. 4. The fiscal body of an eligible county may not adopt an ordinance imposing a tax rate or a tax for a public transportation project unless the tax rate or tax was described in an ordinance adopted under IC 8-25-2-1 and in the local public question on the approval of the public transportation project.

Sec. 5. (a) The minimum tax rate for a county adjusted gross income tax, county option income tax, or county economic development income tax that may be imposed to fund a public transportation project is one-tenth percent (0.1%).

(b) The maximum tax rate for a county adjusted gross income tax, county option income tax, or county economic development income tax that may be imposed to fund a public transportation project is twenty-five hundredths percent (0.25%).

Sec. 6. Only one (1) corporate tax described in section 1(b)(2), 2(b)(2), or 3(b)(2) of this chapter may be in effect in an eligible county at any particular time.

Sec. 7. (a) If the fiscal body of an eligible county imposes taxes to fund a public transportation project, the county treasurer of the



1 eligible county shall establish a county public transportation
 2 project fund to receive tax revenues collected for the public
 3 transportation project.

4 (b) Money in a fund established under subsection (a) at the end
 5 of the eligible county's fiscal year remains in the fund. Interest
 6 earned by the fund must be deposited in the fund.

7 (c) Money deposited in an eligible county's public transportation
 8 project fund may be used only to purchase, establish, operate,
 9 repair, or maintain a public transportation project authorized
 10 under this article. Money in the fund may be pledged by the fiscal
 11 body of the eligible county to the repayment of bonds issued for
 12 purposes of a public transportation project authorized under this
 13 article.

14 (d) The fiscal body of an eligible county may, in the manner
 15 provided by law, appropriate money from the fund to a public
 16 transportation corporation that is authorized to purchase,
 17 establish, operate, repair, or maintain the public transportation
 18 project if the public transportation project is located, either
 19 entirely or partially, within the eligible county.

20 Sec. 8. For purposes of this chapter, IC 36-9-2-2(b), and
 21 IC 36-9-4-58(b), the purchase of equipment or other personal
 22 property is considered an operating expense if the equipment or
 23 other personal property has a useful life of less than three (3)
 24 years.

25 Chapter 4. Carrying Out Central Indiana Public Transportation 26 Projects

27 Sec. 1. An eligible county may carry out a public transportation
 28 project in accordance with the powers granted to the county by
 29 IC 36-9-2 and this article.

30 Sec. 2. The fiscal body of an eligible county may adopt an
 31 ordinance authorizing a public transportation corporation to carry
 32 out a public transportation project in accordance with the powers
 33 granted to the public transportation corporation under IC 36-9-4
 34 and subject to the appropriating power of the fiscal body and any
 35 other powers reserved for the fiscal body by this article.

36 Sec. 3. The fiscal body of an eligible county may adopt an
 37 ordinance authorizing the executive of the county to enter into an
 38 interlocal agreement with the executive of another eligible county
 39 to carry out jointly a public transportation project approved by the
 40 voters of both counties in local public questions held under this
 41 article.

42 Sec. 4. The fiscal body of an eligible county may adopt an



ordinance authorizing the executive of the county to enter into one (1) or more public-private partnership contracts under which a public transportation project is carried out, in whole or in part, by one (1) or more nongovernmental entities.

Sec. 5. If an ordinance authorizing public-private partnership contracts is adopted under section 4 of this chapter, the executive of the eligible county shall issue a request for proposals with respect to each proposed public-private partnership contract and award each contract under IC 5-22-9.

Sec. 6. An eligible county may carry out only one (1) public transportation project under this article. The fiscal body of an eligible county may not adopt a subsequent ordinance under IC 8-25-2-1 after a public transportation project is approved by the voters of the county under IC 8-25-2.

Sec. 7. An eligible county may not:

- (1) purchase, lease, or otherwise acquire;
- (2) construct;
- (3) operate;
- (4) cause any person to purchase, lease, acquire, construct, or operate; or
- (5) expend tax revenues deposited in the county public transportation project fund established under IC 8-25-3-7 on; a light rail project.

Sec. 8. If a transportation project is approved in an eligible county, transportation services must be provided through the transportation project throughout the eligible county and must be made available under this article to all citizens of the county.

Chapter 5. Bonding for Central Indiana Public Transportation Projects

Sec. 1. This chapter applies to the issuance of bonds by an eligible county for purposes of a public transportation project authorized under this article.

Sec. 2. As used in this chapter, "bonds" has the meaning set forth in IC 36-1-2-2.

Sec. 3. (a) Upon request of the county executive, the county fiscal body may borrow money and issue bonds in the name of the county in principal amounts and maturities as the fiscal body determines necessary to provide sufficient funds for the purposes specified in this article, including:

- (1) the payment of costs of the public transportation project for which bonds are authorized, costs of issuance, or related costs of financing;



- (2) the payment of interest on the bonds;
- (3) the establishment of reserves to secure the bonds; and
- (4) all other expenditures of the county incident to, necessary, and convenient to carry out this chapter.

(b) Before bonds may be issued under this chapter, the county fiscal body shall give notice of a public hearing to disclose the purpose for which the bond issue is proposed, the amount of the proposed issue, and other pertinent data. The county fiscal body shall publish in accordance with IC 5-3-1 a notice of the time, place, and general purpose of the hearing.

Sec. 4. (a) The bonds must be authorized by ordinance of the fiscal body. The ordinance must provide the following with respect to the bonds:

- (1) The original date of the bonds.
- (2) The time or times that the bonds mature. However, a bond may not mature more than twenty (20) years after the date it is issued.
- (3) The maximum interest rate or rates, including variations of the rates.
- (4) The denominations.
- (5) The form, either coupon or registered.
- (6) The registration privileges.
- (7) The medium of payment and the place or places of payment.
- (8) The terms of redemption, including redemption before maturity.

(b) Bonds issued under this chapter must be sold under IC 5-1-11, and at a price or prices determined by the county fiscal body in the ordinance.

Sec. 5. An ordinance authorizing the issuance of bonds under this chapter or trust indenture under which the bonds are issued may contain the following provisions:

- (1) Pledging revenues of the county to secure the payment of the bonds, subject to section 6 of this chapter and existing agreements with bondholders.
- (2) Setting aside reserves or sinking funds and the regulation and disposition of these funds.
- (3) Limitations on the purposes to which the proceeds from the sale of bonds may be applied.
- (4) Limitations on the issuance of additional bonds, the terms upon which additional bonds may be issued and secured, and the refunding of outstanding or other bonds.



(5) The procedure, if any, by which the terms of a contract with bondholders may be amended or abrogated and the manner in which the consent to the amendment or abrogation may be given.

(6) Vesting in a trustee property, rights, powers, and trust as the county fiscal body determines, and limiting or abrogating the right of the bondholders to appoint a trustee or to limit the rights, powers, and duties of the trustee.

(7) Defining acts or omissions that will constitute a default and the obligations or duties of the county fiscal body to the bondholders and providing for the rights and remedies of the bondholders in the event of default. However, the rights and remedies must not be inconsistent with this chapter or other laws of this state.

(8) A covenant that the fiscal body will not repeal or adversely modify the taxes or sources of revenue that are pledged to secure the payment of the bonds.

(9) Any other matter that affects the security or protection of the bondholders.

Sec. 6. (a) Except as provided in subsection (b), the county fiscal body may pledge revenues for the payment of principal and interest on the bonds and for other purposes under the ordinance as provided by IC 5-1-14-4, including revenues from the following sources:

(1) The county adjusted gross income tax in Hancock County or Johnson County.

(2) The county option income tax in Delaware County or Madison County.

(3) The county economic development income tax in Hamilton County or Marion County.

(4) A county corporate income tax.

(5) A county corporate employment tax.

(b) The county fiscal body may not pledge to levy ad valorem property taxes for these purposes.

(c) If the county fiscal body has pledged revenues from the county economic development income tax as set forth in subsection (a), the county fiscal body may covenant that the county fiscal body will not repeal or modify the tax in a manner that would adversely affect owners of outstanding bonds issued under this chapter. The county fiscal body may make the covenant by adopting an ordinance.

Sec. 7. (a) The bonds may be secured by a trust indenture



1 between the county and a bank having the power of a trust
2 company or any trust company.

3 (b) The trust indenture may provide for:

4 (1) protecting and enforcing the rights and remedies of the
5 bondholders as are reasonable and proper and not in violation
6 of law;

7 (2) covenants setting forth the duties of the county fiscal body
8 in relation to the exercise of its powers and the custody,
9 safekeeping, and application of money related to the bond
10 financing for which the trust indenture exists;

11 (3) the payment of the proceeds of the bonds and the revenue
12 of the trustee under the trust indenture; and

13 (4) the method of disbursement of the proceeds of the bonds
14 and the revenue to the trustee, with safeguards and
15 restrictions as the county fiscal body may determine.

16 Sec. 8. Bonds issued by the county under this chapter must be
17 executed by the manual or facsimile signatures of the executive and
18 attested to by the county auditor.

19 Sec. 9. Money received from the bonds issued under this chapter
20 shall be applied solely to the purposes for which the bonds were
21 issued, except as provided in IC 5-1-13 and IC 5-1-14.

22 Sec. 10. The bonds are negotiable instruments, subject only to
23 the provisions of the bonds relating to registration.

24 Sec. 11. Bonds issued under this chapter are exempt from
25 taxation in Indiana under IC 6-8-5.

26 Sec. 12. Bonds issued by the county under this chapter are
27 exempt from registration and other requirements of IC 23 and any
28 other securities registration laws.

29 Sec. 13. The general assembly pledges to and covenants with the
30 owner of any bonds issued under this chapter that the general
31 assembly will not limit or alter the ability of the county to fulfill the
32 terms of the agreements or pledges made with bondholders or in
33 any way impair the rights or remedies of the bondholders until the
34 bonds and related obligations are fully met and discharged.

35 Sec. 14. IC 6-1.1-20 does not apply to the issuance of bonds
36 under this chapter.

37 Sec. 15. Bonds issued under this chapter do not create a moral
38 obligation of the state to pay all or part of the debt.

39 SECTION 25. IC 12-29-2-2, AS AMENDED BY P.L.123-2008,
40 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
41 JULY 1, 2014]: Sec. 2. (a) A county shall fund the operation of
42 community mental health centers in the amount determined under



subsubsection (b), unless a lower tax levy amount will be adequate to fulfill the county's financial obligations under this chapter in any of the following situations:

(1) If the total population of the county is served by one (1) center.

(2) If the total population of the county is served by more than one (1) center.

(3) If the partial population of the county is served by one (1) center.

(4) If the partial population of the county is served by more than one (1) center.

(b) The amount of funding under subsection (a) for taxes first due and payable in a calendar year is the following:

(1) For 2004, the amount is the amount determined under STEP THREE of the following formula:

STEP ONE: Determine the amount that was levied within the county to comply with this section from property taxes first due and payable in 2002.

STEP TWO: Multiply the STEP ONE result by the county's assessed value growth quotient for the ensuing year 2003, as determined under IC 6-1.1-18.5-2.

STEP THREE: Multiply the STEP TWO result by the county's assessed value growth quotient for the ensuing year 2004, as determined under IC 6-1.1-18.5-2.

(2) Except as provided in subsection (c), for 2005 and each year thereafter, the result equal to:

(A) the amount that was levied in the county to comply with this section from property taxes first due and payable in the calendar year immediately preceding the ensuing calendar year; multiplied by

(B) the county's assessed value growth quotient for the ensuing calendar year, as determined under IC 6-1.1-18.5-2.

(c) This subsection applies only to property taxes first due and payable after December 31, 2007. This subsection applies only to a county for which:

(1) a county adjusted gross income tax rate is first imposed or is increased in a particular year under IC 6-3.5-1.1-24; or

(2) a county option income tax rate is first imposed or is increased in a particular year under IC 6-3.5-6-30;

to provide property tax relief in the county. Notwithstanding any provision in this section or any other section of this chapter, for a county subject to this subsection, the county's maximum property tax



1 levy under this section to fund the operation of community mental
 2 health centers for the ensuing calendar year is equal to the county's
 3 maximum property tax levy to fund the operation of community mental
 4 health centers for the current calendar year.

5 (d) Except as provided in subsection (h), the county shall pay to the
 6 division of mental health and addiction the part of the funding
 7 determined under subsection (b) that is appropriated solely for funding
 8 the operations of a community health center. The funding required
 9 under this section for operations of a community health center shall be
 10 paid by the county to the division of mental health and addiction. These
 11 funds shall be used solely for satisfying the non-federal share of
 12 medical assistance payments to community mental health centers
 13 serving the county for:

14 (1) allowable administrative services; and

15 (2) community mental health rehabilitation services.

16 All other funding appropriated for the purposes allowed under section
 17 1.2(b)(1) of this chapter shall be paid by the county directly to the
 18 community mental health center semiannually at the times that the
 19 payments are made under subsection (e).

20 (e) The county shall appropriate and disburse the funds for
 21 operations semiannually not later than December 1 and June 1 in an
 22 amount equal to the amount determined under subsection (b) and
 23 requested in writing by the division of mental health and addiction. The
 24 total funding amount paid to the division of mental health and
 25 addiction for a county for each calendar year may not exceed the
 26 amount that is calculated in subsection (b) and set forth in writing by
 27 the division of mental health and addiction for the county. Funds paid
 28 to the division of mental health and addiction by the county shall be
 29 submitted by the county in a timely manner after receiving the written
 30 request from the division of mental health and addiction, to ensure
 31 current year compliance with the community mental health
 32 rehabilitation program and any administrative requirements of the
 33 program.

34 (f) The division of mental health and addiction shall ensure that the
 35 non-federal share of funding received from a county under this program
 36 is applied only for matching federal funds for the designated
 37 community mental health centers to the extent a center is eligible to
 38 receive county funding under ~~IC 12-21-2-3(a)(5)(E)~~.
 39 **IC 12-21-2-3(5)(D).**

40 (g) The division of mental health and addiction:

41 (1) shall first apply state funding to a community mental health
 42 center's non-federal share of funding under this program; and



(2) may next apply county funding received under ~~IC 12-29-2-2~~
this section to any remaining non-federal share of funding for the
community mental health center.

The division shall distribute any excess state funds that exceed the
community mental health rehabilitation services non-federal share
applied to a community mental health center that is entitled to the
excess state funds.

(h) The health and hospital corporation of Marion County created
by IC 16-22-8-6 may make payments to the division for the operation
of a community mental health center as described in this chapter.

SECTION 26. IC 36-9-2-2 IS AMENDED TO READ AS
FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 2. **(a)** A unit may
establish, aid, maintain, and operate transportation systems.

**(b) This subsection applies to an eligible county (as defined by
IC 8-25-1-5) that establishes a public transportation system
through a public transportation project authorized and funded
under IC 8-25. The unit must establish fares and charges that cover
at least twenty-five percent (25%) of the operating expenses of the
public transportation system. The unit annually shall report on the
unit's compliance with this subsection not later than sixty (60) days
after the close of the unit's fiscal year. The report must include
information on any fare increases necessary to achieve compliance.
The unit shall submit the report to the department of local
government finance and make the report available electronically
through the Indiana transparency Internet web site established
under IC 5-14-3.8.**

**(c) If a unit fails to prepare and disclose the annual report in the
manner required by subsection (b), any person subject to a tax
described in IC 8-25 may initiate a cause of action in the circuit
court of the eligible county to compel the appropriate officials of
the unit to prepare and disclose the annual report not later than
thirty (30) days after a court order mandating the unit to comply
with subsection (b) is issued by the circuit court.**

SECTION 27. IC 36-9-4-37 IS AMENDED TO READ AS
FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 37. (a) The board of
directors of a public transportation corporation may appoint or employ
a general manager, accountants, attorneys, traffic engineers, drivers,
clerks, secretaries, guards, laborers, and other employees, and may
prescribe and define their duties, regulate their compensation,
discharge them, and appoint or employ their successors. Employees
shall be selected without regard to race, religion, or any personal
affiliation. The board shall select the general manager on the basis of



1 his fitness for the position, taking into account his executive ability and
 2 his knowledge of and experience in the field of mass public
 3 transportation.

4 **(b) This subsection does not apply to a public transportation**
 5 **corporation in an eligible county that approves a local public**
 6 **question under IC 8-25.** The board shall bargain collectively and enter
 7 into written contracts with authorized labor organizations representing
 8 employees other than executive, administrative, or professional
 9 personnel. These contracts may provide for the binding arbitration of
 10 disputes, wages, salaries, hours, working conditions, health and
 11 welfare, insurance, vacations, holidays, sick leave, seniority, pensions,
 12 retirement, and other benefits.

13 **(c) This subsection applies only to a public transportation**
 14 **corporation in an eligible county that approves a local public**
 15 **question under IC 8-25.** The board shall bargain collectively and
 16 enter into written contracts with authorized labor organizations
 17 representing employees other than executive, administrative, or
 18 professional personnel. These contracts may provide for the
 19 nonbinding mediation of salaries, wages, and salary and wage
 20 related fringe benefits, including accident, sickness, health, dental,
 21 vision, life, disability, retirement benefits, and paid time off.

22 SECTION 28. IC 36-9-4-58 IS AMENDED TO READ AS
 23 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 58. **(a)** An urban mass
 24 transportation system operating under this chapter is considered a
 25 common carrier not operating under a franchise or contract granted by
 26 a municipality and not regulated by ordinance, and is subject to the
 27 authority of the department of state revenue under IC 8-2.1 to the same
 28 extent as any other common carrier. However, in determining the
 29 reasonableness of the fares and charges of such a system, the
 30 department of state revenue shall consider, among other factors, the
 31 policy of this chapter to foster and assure the development and
 32 maintenance of urban mass transportation systems, and it is not
 33 necessary that the operating revenues of the system be sufficient to
 34 cover the cost to the system of providing adequate service.

35 **(b) If a public transportation corporation providing public**
 36 **transportation services in Marion County expands its service**
 37 **through a public transportation project authorized and funded**
 38 **under IC 8-25, the public transportation corporation shall establish**
 39 **fares and charges that cover at least twenty-five percent (25%) of**
 40 **the operating expenses of the urban mass transportation system**
 41 **operated by the public transportation corporation. The public**
 42 **transportation corporation annually shall report on the**



1 corporation's compliance with this subsection not later than sixty
2 (60) days after the close of the corporation's fiscal year. The report
3 must include information on any fare increases necessary to
4 achieve compliance. The public transportation corporation shall
5 submit the report to the department of local government finance
6 and make the report available electronically through the Indiana
7 transparency Internet web site established under IC 5-14-3.8.

8 (c) If a public transportation corporation fails to prepare and
9 disclose the annual report in the manner required by subsection
10 (b), any person subject to a tax described in IC 8-25 may initiate a
11 cause of action in the circuit court of the eligible county to compel
12 the appropriate officials of the public transportation corporation
13 to prepare and disclose the annual report not later than thirty (30)
14 days after a court order mandating the public transportation
15 corporation to comply with subsection (b) is issued by the circuit
16 court.

17 SECTION 29. An emergency is declared for this act.



COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 176, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 4-4-11-15.6, AS AMENDED BY P.L.233-2013, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 15.6. In addition to the powers listed in section 15 of this chapter, the authority may:

- (1) issue bonds under terms and conditions determined by the authority and use the proceeds of the bonds to acquire obligations issued by any entity authorized to acquire, finance, construct, or lease capital improvements under IC 5-1-17;
- (2) issue bonds under terms and conditions determined by the authority and use the proceeds of the bonds to acquire any obligations issued by the northwest Indiana regional development authority established by IC 36-7.5-2-1;
- (3) after December 31, 2009, issue bonds under terms and conditions determined by the authority and use the proceeds of the bonds to acquire any obligations issued by either the commuter rail service board established under IC 8-24-5 or the regional demand and scheduled bus service board established under IC 8-24-6;
- (4) enter into leases and issue bonds under terms and conditions determined by the authority and use the proceeds of the bonds to carry out the purposes of IC 5-1-17.5 within a motorsports investment district; ~~and~~
- (5) perform any other functions determined by the authority to be necessary or appropriate to carry out the purposes of IC 5-1-17.5 within a motorsports investment district; ~~and~~
- (6) issue bonds under terms and conditions determined by the authority and use the proceeds of the bonds to make grants for infrastructure and local public improvements as provided in IC 4-4-11.7.**

SECTION 2. IC 4-4-11.7 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 11.7. Additional Authority: Infrastructure Grants

Sec. 1. As used in this chapter, "authority" refers to the Indiana finance authority.

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Sec. 2. As used in this chapter, "bonds" means any bonds, notes, debentures, interim certificates, revenue anticipation notes, warrants, or any other evidences of indebtedness of the authority.

Sec. 3. (a) The authority may issue its bonds in principal amounts that the authority considers necessary to provide funds for the purposes under this chapter, including making grants under section 5 of this chapter.

(b) Every issue of bonds shall be obligations of the authority payable solely out of the revenues or funds of the authority, including any excise surtax revenue and wheel tax revenue transferred to the authority as provided in section 4 of this chapter.

Sec. 4. (a) Upon approval of the executive of a county containing a consolidated city, the authority may pledge for the payment of bonds issued under this chapter an amount not to exceed a total of seven million five hundred thousand dollars (\$7,500,000) each year from excise surtax revenue and wheel tax revenue to be transferred to the authority from a county containing a consolidated city, as provided in this section.

(b) If excise surtax revenue and wheel tax revenues are pledged by the authority as provided in subsection (a), the fiscal officer of the county containing a consolidated city shall each year without appropriation transfer to the authority the amount of excise surtax revenue and wheel tax revenue pledged under subsection (a).

(c) Excise surtax revenue and wheel tax revenue may not be transferred under this section for more than twenty-five (25) years.

Sec. 5. The proceeds of bonds issued under this chapter may be used for any of the following purposes:

(1) Making grants to a county containing a consolidated city to be used for the improving, constructing, reconstructing, renovating, or acquiring of any infrastructure or other local public improvements within the county containing a consolidated city (including but not limited to any sewer lines, waterlines, streets, sidewalks, curbs, bridges, roads, streets, parking facilities, lighting, electric signals, or information and high technology infrastructure (as defined in IC 5-28-9-4)).

(2) Any necessary reserves to secure the payment of the principal and interest on the bonds issued under this chapter.

(3) Bond insurance, debt service reserve insurance, letters of credit, or other credit enhancement related to the bonds issued under this chapter.

Sec. 6. (a) A bond of the authority under this chapter:

(1) is not a debt, liability, loan of the credit, or pledge of the



faith and credit of the state or of any political subdivision;
 (2) is payable solely from the money pledged or available for its payment under this chapter, unless funded or refunded by bonds of the authority; and

(3) must contain on its face a statement that the authority is obligated to pay principal and interest, and redemption premiums, if any, and that the faith, credit, and taxing power of the state are not pledged to the payment of the bond.

(b) The state pledges to and agrees with the holders of the bonds issued under this chapter that the state will not:

(1) limit or restrict the rights vested in the authority to fulfill the terms of any agreement made with the holders of its bonds; or

(2) in any way impair the rights or remedies of the holders of the bonds;

until the bonds, together with the interest on the bonds, and interest on unpaid installments of interest, and all costs and expenses in connection with an action or proceeding by or on behalf of the holders, are fully met, paid, and discharged.

Sec. 7. The bonds of the authority are negotiable instruments for all purposes of the Uniform Commercial Code (IC 26), subject only to the provisions of the bonds for registration.

Sec. 8. Except as otherwise provided in this chapter, the authority may issue bonds under this chapter in the same manner and using the same procedures as the authority may issue bonds under IC 4-4-11.4.

Sec. 9. (a) An action to contest the validity of any bonds of the authority to be sold at public sale may not be brought after the fifteenth day following the first publication of notice of the sale of the bonds. An action to contest the validity of any bond sale under this chapter may not be brought after the fifth day following the bond sale.

(b) If bonds are sold at private sale, an action to contest the validity of such bonds may not be brought after the fifteenth day following the adoption of the resolution authorizing the issuance of the bonds.

(c) If an action challenging the bonds of the authority is not brought within the time prescribed by subsection (a) or (b), whichever is applicable, all bonds of the authority are conclusively presumed to be fully authorized and issued under the laws of the state, and a person or a qualified entity is estopped from questioning their authorization, sale, issuance, execution, or



delivery by the authority.

(d) If this chapter is inconsistent with any other law (general, special, or local), this chapter controls.

Sec. 10. Notwithstanding the restrictions of any other law, all financial institutions, investment companies, insurance companies, insurance associations, executors, administrators, guardians, trustees, and other fiduciaries may legally invest sinking funds, money, or other funds belonging to them or within their control in bonds issued under this chapter.

Sec. 11. All property of the authority is public property devoted to an essential public and governmental function and purpose and is exempt from all taxes and special assessments, direct or indirect, of the state or a political subdivision of the state. All bonds issued under this chapter are issued by a body corporate and public of the state, but not a state agency, and for an essential public and governmental purpose and the bonds, the interest thereon, the proceeds received by a holder from the sale of the bonds to the extent of the holder's cost of acquisition, proceeds received upon redemption before maturity, and proceeds received at maturity and the receipt of the interest and proceeds are exempt from taxation in the state for all purposes except a state inheritance tax imposed under IC 6-4.1.

Sec. 12. Any bonds issued by the authority under this chapter are exempt from the registration and other requirements of IC 23-19 and any other securities registration laws.

Sec. 13. This chapter is supplemental to all other statutes governing the authority."

Page 10, line 17, after "to" insert "**Hancock County and**".

Page 12, between lines 39 and 40, begin a new paragraph and insert:

"SECTION 8. IC 6-3.5-4-4, AS AMENDED BY P.L.205-2013, SECTION 89, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) After January 1 but before July 1 of any year, the adopting entity may, subject to the limitations imposed by subsection (b), adopt an ordinance to rescind the surtax. If the adopting entity adopts such an ordinance, the surtax does not apply to a motor vehicle registered after December 31 of the year the ordinance is adopted.

(b) The adopting entity may not adopt an ordinance to rescind the surtax unless it concurrently adopts an ordinance under IC 6-3.5-5 to rescind the wheel tax. In addition, the adopting entity may not adopt an ordinance to rescind the surtax if:

(1) any portion of a loan obtained by the county under IC 8-14-8



is unpaid; ~~or~~

(2) any bonds issued by the county under IC 8-14-9 are outstanding; ~~or~~

(3) any bonds issued under IC 4-4-11.7 are outstanding.

SECTION 9. IC 6-3.5-4-5, AS AMENDED BY P.L.205-2013, SECTION 90, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) The adopting entity may, subject to the limitations imposed by subsection (b), adopt an ordinance to increase or decrease the surtax rate or amount. The new surtax rate or amount must be within the range of rates or amounts prescribed by section 2 of this chapter. A new rate or amount that is established by an ordinance that is adopted after December 31 but before July 1 of the following year applies to motor vehicles registered after December 31 of the year in which the ordinance to change the rate or amount is adopted. A new rate or amount that is established by an ordinance that is adopted after June 30 but before January 1 of the following year applies to motor vehicles registered after December 31 of the year following the year in which the ordinance is adopted.

(b) The adopting entity may not adopt an ordinance to decrease the surtax rate or amount under this section if:

(1) any portion of a loan obtained by the county under IC 8-14-8 is unpaid; ~~or~~

(2) any bonds issued by the county under IC 8-14-9 are outstanding; ~~or~~

(3) any bonds issued under IC 4-4-11.7 are outstanding.

SECTION 10. IC 6-3.5-4-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) In the case of a county that contains a consolidated city, the city-county council may appropriate money derived from the surtax to the department of transportation established by IC 36-3-5-4 for use by the department under law. The city-county council may not appropriate money derived from the surtax for any other purpose.

(b) Money derived from the surtax may also be used and transferred as provided in IC 4-4-11.7 without appropriation.

SECTION 11. IC 6-3.5-5-6, AS AMENDED BY P.L.205-2013, SECTION 96, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) After January 1 but before July 1 of any year, the adopting entity may, subject to the limitations imposed by subsection (b), adopt an ordinance to rescind the wheel tax. If the adopting entity adopts such an ordinance, the wheel tax does not apply to a vehicle registered after December 31 of the year the ordinance is adopted.



(b) The adopting entity may not adopt an ordinance to rescind the wheel tax unless it concurrently adopts an ordinance under IC 6-3.5-4 to rescind the annual license excise surtax. In addition, the adopting entity may not adopt an ordinance to rescind the wheel tax if:

- (1) any portion of a loan obtained by the county under IC 8-14-8 is unpaid; ~~or~~
- (2) any bonds issued by the county under IC 8-14-9 are outstanding; **or**
- (3) any bonds issued under IC 4-4-11.7 are outstanding.**

SECTION 12. IC 6-3.5-5-7, AS AMENDED BY P.L.205-2013, SECTION 97, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) The adopting entity may, subject to the limitations imposed by subsection (b), adopt an ordinance to increase or decrease the wheel tax rates. The new wheel tax rates must be within the range of rates prescribed by section 2 of this chapter. New rates that are established by an ordinance that is adopted after December 31 but before July 1 of the following year apply to vehicles registered after December 31 of the year in which the ordinance to change the rates is adopted. New rates that are established by an ordinance that is adopted after June 30 but before July 1 of the following year apply to motor vehicles registered after December 31 of the year following the year in which the ordinance is adopted.

(b) The adopting entity may not adopt an ordinance to decrease the wheel tax rate under this section if:

- (1) any portion of a loan obtained by the county under IC 8-14-8 is unpaid; ~~or~~
- (2) any bonds issued by the county under IC 8-14-9 are outstanding; **or**
- (3) any bonds issued under IC 4-4-11.7 are outstanding.**

SECTION 13. IC 6-3.5-5-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 14. (a) In the case of a county that contains a consolidated city, the city-county council may appropriate money derived from the wheel tax to:

- (1) the department of transportation established by IC 36-3-5-4 for use by the department under law; or
- (2) an authority established under IC 36-7-23.

(b) The city-county council may not appropriate money derived from the wheel tax for any other purpose.

(c) Money derived from the wheel tax may also be used and transferred as provided in IC 4-4-11.7 without appropriation."

Page 34, between lines 14 and 15, begin a new line block indented and insert:



"(3) Hancock County."

Page 34, line 15, delete "(3)" and insert **"(4)"**.

Page 34, line 16, delete "(4)" and insert **"(5)"**.

Page 34, line 17, delete "(5)" and insert **"(6)"**.

Page 34, line 24, delete "IC 8-25-1-6." and insert **"IC 8-25-1-7."**

Page 38, between lines 27 and 28, begin a new line block indented and insert:

"(3) Hancock County."

Page 38, line 28, delete "(3)" and insert **"(4)"**.

Page 38, line 29, delete "(4)" and insert **"(5)"**.

Page 38, line 30, delete "(5)" and insert **"(6)"**.

Page 39, line 9, delete "IC 8-25-1-6." and insert **"IC 8-25-1-7."**

Page 41, between lines 21 and 22, begin a new line block indented and insert:

"(3) Hancock County."

Page 41, line 22, delete "(3)" and insert **"(4)"**.

Page 41, line 23, delete "(4)" and insert **"(5)"**.

Page 41, line 24, delete "(5)" and insert **"(6)"**.

Page 41, between lines 24 and 25, begin a new paragraph and insert:

"Sec. 6. "Light rail" means a streetcar type vehicle railway operated on city streets, semi-private rights-of-way, or exclusive private rights-of-way using step-entry vehicles or level boarding."

Page 41, line 25, delete "6." and insert **"7."**

Page 41, line 38, delete "7." and insert **"8."**

Page 41, line 40, delete "8." and insert **"9."**

Page 43, line 15, after "to" insert **"Hancock County and"**.

Page 44, between lines 17 and 18, begin a new paragraph and insert:

"Sec. 9. Nothing in this article creates a moral obligation of the state:

(1) to pay for any transportation project or service or other amounts under this article;

or

(2) to pay any bonds issued under this article.

Sec. 10. No general tax revenues of the state may be used to pay for a transportation project or service under this article. However, this section does not apply to distributions from the public mass transportation fund."

Page 45, line 5, after "to" insert **"Hancock County and"**.

Page 47, between lines 7 and 8, begin a new paragraph and insert:

"Sec. 7. An eligible county may not:

(1) purchase, lease, or otherwise acquire;

(2) construct;



- (3) operate;
- (4) cause any person to purchase, lease, acquire, construct, or operate; or
- (5) expend tax revenues deposited in the county public transportation project fund established under IC 8-25-3-7 on; a light rail project.

Sec. 8. If a transportation project is approved in an eligible county, transportation services must be provided through the transportation project throughout the eligible county and must be made available under this article to all citizens of the county."

Page 49, line 5, after "in" insert "**Hancock County or**".

Page 53, between lines 12 and 13, begin a new paragraph and insert:

"SECTION 19. IC 36-9-4-37 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 37. (a) The board of directors of a public transportation corporation may appoint or employ a general manager, accountants, attorneys, traffic engineers, drivers, clerks, secretaries, guards, laborers, and other employees, and may prescribe and define their duties, regulate their compensation, discharge them, and appoint or employ their successors. Employees shall be selected without regard to race, religion, or any personal affiliation. The board shall select the general manager on the basis of his fitness for the position, taking into account his executive ability and his knowledge of and experience in the field of mass public transportation.

(b) This subsection does not apply to a public transportation corporation in an eligible county that approves a local public question under IC 8-25. The board shall bargain collectively and enter into written contracts with authorized labor organizations representing employees other than executive, administrative, or professional personnel. These contracts may provide for the binding arbitration of disputes, wages, salaries, hours, working conditions, health and welfare, insurance, vacations, holidays, sick leave, seniority, pensions, retirement, and other benefits.

(c) This subsection applies only to a public transportation corporation in an eligible county that approves a local public question under IC 8-25. The board shall bargain collectively and enter into written contracts with authorized labor organizations representing employees other than executive, administrative, or professional personnel. These contracts may provide for the nonbinding mediation of salaries, wages, and salary and wage related fringe benefits, including accident, sickness, health, dental, vision, life, disability, retirement benefits, and paid time off.



Page 54, after line 7, begin a new paragraph and insert:
"SECTION 28. **An emergency is declared for this act.**".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 176 as introduced.)

HERSHMAN, Chairperson

Committee Vote: Yeas 8, Nays 4.

